

For Reference

NOT TO BE TAKEN FROM THIS ROOM

Ex libris
UNIVERSITATIS
ALBERTAENSIS



For Reference

NOT TO BE TAKEN FROM THIS ROOM

THE UNIVERSITY OF ALBERTA

SOME ISSUES AND PROBLEMS IN THE FINANCING OF PUBLIC
EDUCATION IN CANADA 1955-1965

by



JOHN HUDSON

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE
OF MASTER OF EDUCATION

DEPARTMENT OF EDUCATIONAL ADMINISTRATION

EDMONTON, ALBERTA

SEPTEMBER, 1968



Digitized by the Internet Archive
in 2020 with funding from
University of Alberta Libraries

<https://archive.org/details/Hudson1968>

THESIS
1968 (F)
98

UNIVERSITY OF ALBERTA
FACULTY OF GRADUATE STUDIES

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies for acceptance, a thesis entitled "Some Issues and Problems in the Financing of Public Education in Canada, 1955-1965," submitted by John Hudson in partial fulfilment of the requirements for the degree of Master of Education.

ABSTRACT

The purpose of this study was to identify the main issues and problems in the financing of public education in Canada by examining articles written in Canadian educational and other periodicals.

Eighteen periodicals, representative of the major geographical regions of Canada, and comprising the official publications of teachers' and other professional associations, school trustees' associations, as well as university and other research journals, were selected for study. Each issue of these periodicals, published between January 1st, 1955 and December 31st, 1964, was examined and a careful reading of 170 articles led to the identification of the five following issues and problems.

- (1) The present and future cost of education.
- (2) Education as an investment.
- (3) Federal aid for education.
- (4) The inadequacy of the real property tax as a principal source of educational revenue.
- (5) Provincial-local relationships in education.

There was agreement among the writers studied, that the present cost of education was far from excessive. Furthermore, it was indicated that expenditures on education would rise sharply in the future. In view of this, possible sources of additional educational revenue were discussed. It was recognized that even with improvements, the real property tax would be unable to make any substantial contribution to.

increased expenditures. Consequently, it was argued that the greater part of the increase in expenditures would have to be met from federal and provincial sources.

ACKNOWLEDGEMENTS

The writer gratefully recognizes the assistance and encouragement given by his supervisor, Dr. G. L. Mowat, in the preparation of this thesis, and thanks Dr. F. Enns and Dr. L. D. Stewart, the other members of the committee.

He would also like to express sincere appreciation to his wife, Jean, for her invaluable help and support in the completion of this study.

TABLE OF CONTENTS

CHAPTER	PAGE
I. INTRODUCTION	1
The Problem	3
Statement of the Problem	4
Need for the Study	4
Delimitations	5
Limitations	5
Selection and Treatment of Published Material	6
Selection of Periodicals	6
Selection of Articles	8
Identification of Issues and Problems	8
Treatment of Selected Articles	10
Analysis of Articles	10
Definition of Terms	12
Summary and Organization of the Remainder of the Thesis . .	13
References for Chapter I	14
II. THE FINANCING OF PUBLIC EDUCATION IN CANADA	15
Introduction	15
Provincial Responsibility for Education	15
Sharing the Costs of Education	17
The Sources of Educational Revenue	18
The Distribution of Educational Expenditures	21
Summary	21
References for Chapter II	22

CHAPTER	PAGE
III. THE PRESENT AND FUTURE COST OF EDUCATION IN CANADA	23
Introduction	23
Does Education Cost Too Much?	23
What Will Education Cost in The Future and Why?	25
What are the Implications of Increasing Education Costs?. .	26
Summary	28
References for Chapter III	29
IV. EDUCATION AS AN INVESTMENT	30
Introduction	30
What Are the Private Returns from Investment in Education?. .	30
What Are the Public Returns from Investment in Education? .	32
What Are the Implications of Regarding Education as an	
Investment Good?	33
Summary	36
References for Chapter IV	37
V. FEDERAL AID TO EDUCATION	38
Introduction.	38
The Need for Federal Aid to Education	38
The Distribution of Federal Aid	42
Summary	44
References for Chapter V	45
VI. THE INADEQUACY OF THE REAL PROPERTY TAX	46
Introduction	46
The Importance of the Real Property Tax as a Source of	
School Board Revenue	47

CHAPTER	PAGE
Criticism of the Real Property Tax and Suggested	
Improvements	50
Method of Assessment	50
Measure of Ability-to-Pay	52
Other Criticisms of the Real Property Tax	53
Advantages of the Real Property Tax	54
Additional Sources of Municipal Revenue	55
Summary	57
References for Chapter VI	58
VII. PROVINCIAL-LOCAL RELATIONSHIPS IN EDUCATION	60
Introduction	60
The Principles Underlying the Raising and Distribution	
of Educational Revenues	60
The Foundation Program of School Finance	65
The Need for Local Control in Education	67
Summary	68
References for Chapter VII	69
VIII. SUMMARY AND DISCUSSION	71
Introduction	71
How Much Money is Needed for Education and Why?	72
How Should This Money Be Raised?	74
How Should This Money Be Distributed?	77
Suggestions for Further Study	79
References for Chapter VIII	81
BIBLIOGRAPHY	82
APPENDIX: Secondary References	87

LIST OF TABLES

TABLE	PAGE
I. Total Expenditures on Formal Education and Vocational Training in Canada, 1946-1965	2
II. Distribution of Articles Selected for Study, by Periodical ..	9
III. Distribution of Articles Selected for Study, by Problem, and by Periodical	11
IV. Sources of Net General Revenue for Each Level of Government in 1962	19

CHAPTER I

INTRODUCTION

Expenditures on education in Canada have risen quite dramatically in the post-war period, both in absolute terms and in relation to other expenditures and measures of progress in the economy. This fact is readily seen by referring to Table I. Between 1946 and 1965 expenditures on formal education and vocational training increased almost eleven-fold from \$290.0 millions to an estimated \$3,179.6 millions.¹

Although this absolute increase is striking in itself, it becomes even more significant when compared with the growth in national income and population. In 1946, 2.4 per cent of the Gross National Product was devoted to education, but in 1965, the proportion had increased to an estimated 6.1 per cent.² Similarly, per capita expenditures on formal education and vocational training in Canada increased from \$24 in 1946 to an estimated \$162 in 1965--almost a seven-fold increase.³

In the main, the growth in educational expenditures may be attributed to three factors: mounting enrolments, inflation and general improvements in the quality of education.⁴ These same factors are expected to cause further substantial increases in expenditures in the future. In addition, however, developments in the fields of higher education and vocational training are likely to result in even further increases. Hanson claims that expenditures on higher education may be expected to triple in the period 1965-75, while those for vocational

TABLE I
TOTAL EXPENDITURE ON FORMAL EDUCATION AND VOCATIONAL TRAINING
IN CANADA, 1946-1965

Year	Total Expenditure in Millions of Dollars	Total Expenditure Percentage of GNP	Total Expenditure Per Capita
1946	290.0	2.4	\$ 24
1947	351.8	2.7	28
1948	372.0	2.5	29
1949	408.0	2.5	30
1950	464.5	2.6	34
1951	515.9	2.4	37
1952	583.7	2.4	40
1953	627.0	2.5	42
1954	713.2	2.9	47
1955	807.8	3.0	51
1956	908.7	3.0	57
1957	1,088.5	3.5	66
1958	1,235.1	3.8	72
1959	1,426.5	4.1	82
1960	1,622.2	4.5	91
1961	1,873.3	5.0	103
1962	2,280.8	5.7	123
1963	2,410.4 ^b	5.6 ^b	128 ^b
1964	2,818.4 ^b	6.0 ^b	147 ^b
1965	3,179.6 ^b	6.1 ^b	162 ^b

Source: Financing Education in Canada (Ottawa: The Canadian Teachers' Federation, 1967), p. 13.

^bEstimated.

education may well quadruple.⁵

It can be seen, therefore, that since 1946 an increasing proportion of the nation's resources has been allocated to education and that this trend is likely to continue in the future. Despite the substantial growth in educational expenditures, however, it must be pointed out that education is still receiving only a relatively low proportion of the total expenditures of all governments (16.9 per cent in 1962⁶). Nevertheless, the magnitude of the resources expended on education means that it has to compete with all kinds of other activities for these resources, and "since the greater part of education is financed by public authorities it competes most directly with defence and with the social services."⁷ Consequently, education must justify its claims to national resources, and educational policies and the economic and other values of education have become matters of great public concern.

I. THE PROBLEM

Some members of the public, aware of the amount of money at present committed to education and realizing that this amount is likely to increase substantially in future, claim that too much money is being spent on education. Others ask whether the most efficient use is being made of the resources which are at present available for education or whether the present system of financing education in Canada is the best one.

Dean maintains that:

Virtually every civic administration, faced with the annual demand for school funds which will usually equal and often exceed the cost of running all other municipal services put together,

will say that we are now spending too much on education.⁸

Hanson presents a somewhat gloomier picture when he states,

The inexorable rise of local and state taxes for all governmental services, including education, is on a collision course with taxpayer resistance. The mood of the taxpayer, buoyed up by obvious educational needs in the early '50s and bolstered by Sputnik I in 1957, is rapidly changing to a 'hold-the-line' attitude against any tax for any purpose.⁹

Statement of the Problem

The purpose of this study was to examine what has been written in educational and other periodicals about the financing of public education in Canada, and to identify the main issues and problems with which this published material deals. The study also sought to (1) analyze and discuss the main issues and problems identified, and (2) draw conclusions and implications from them for present practice.

Need for the Study

As far as the author is aware, no previous attempt has been made to summarize the views of writers concerning the major issues and problems in the financing of public education in Canada. Furthermore, it has been explained that education must compete for resources with other functions of government. If education is to receive its rightful share of the nation's resources, therefore, its demand for these resources must be fully justified and "the taxpayer convinced that he is getting value for his educational dollar."¹⁰ To do this effectively, educators need to know about how education is financed, about the taxes raised to support it, and about patterns of educational spending.¹¹ Further, they should be familiar with the main issues and problems in

the financing of education. It is hoped that this study will assist in achieving this end.

II. DELIMITATIONS

The articles analyzed in this study were taken from eighteen periodicals, which were published in Canada during the period January 1st 1955 to December 31st 1964.

This particular period was selected for study because in the post-war period it was between 1955 and 1964 that the most striking increase in educational expenditures, when expressed as a percentage of the GNP, took place. From 1946 to 1955 expenditures on formal education and vocational training increased from \$290.0 millions to \$807.8 millions, representing 2.4 per cent and 3.0 per cent respectively of the GNP,¹² or an increase of 25 per cent in the percentage of the GNP allocated for education. In the period 1955-1964, however, educational expenditures increased from \$807.8 millions to an estimated \$2,818.4 millions, representing 3.0 per cent and an estimated 6.0 per cent respectively of the GNP¹³ or an increase of 100 per cent in the percentage of the GNP allocated for education. In the period 1955-1964, therefore, the increase in the percentage of the GNP allocated for education was four times greater than that of the period 1946-1955.

III. LIMITATIONS

The periodicals which were used in this study represent a comparatively small sample of educational and other professional periodicals which are published in Canada. Although they were carefully selected,

the views expressed in them may not necessarily be representative of Canadian opinion on matters of educational finance.

IV. SELECTION AND TREATMENT OF PUBLISHED MATERIAL

Selection of Periodicals

To ensure an adequate coverage of views and opinions about educational finance in Canada, the periodicals used in this study were selected on the basis of the following criteria:

1. That they were one of the following types of publication,
 - (a) The official publication of a teachers' association.
 - (b) The official publication of a school trustees' association.
 - (c) The journal of a profession, whose work is closely related to public finance and therefore to educational finance.
 - (d) A university or other research journal.
2. That collectively they represented the major geographic regions of Canada.

Using these criteria, the following eighteen periodicals were selected. These consisted of the official publications of four provincial school trustees' associations, of six provincial teachers' associations, four research publications and the journals of four professional organizations.

School Trustees' Publications

Canadian School Journal - official organ of the Ontario Education Association

The Alberta School Trustee - official organ of the Alberta School Trustees' Association

The Arqus - official organ of the Public School Trustees' Association of Ontario.

The B.C. School Trustee - official organ of the British Columbia School Trustees' Association

Teachers' Association Publications

The A.T.A. Magazine - official organ of the Alberta Teachers' Association

The B.C. Teacher - official organ of the British Columbia Teachers' Federation

The Educational Review - official organ of the New Brunswick Teachers' Association

The Teachers' Magazine - official organ of the Provincial Association of Protestant Teachers of Quebec

The Manitoba Teacher - official organ of the Manitoba Teachers' Society

The Nova Scotia Teacher^a - official organ of the Nova Scotia Teachers' Union

Journals of Other Professional Associations

The Canadian Journal of Economics and Political Science - journal of the Canadian Political Science Association

Canadian Public Administration - published by the Institute of Public Administration of Canada

Canadian Tax Journal - published by the Canadian Tax Foundation

The Canadian Banker - Journal of the Canadian Bankers' Association

^aBefore October 1961 this periodical was named The Bulletin.

Research Publications

Canadian Education and Research Digest^b - official publication of the Canadian Education Association

Ontario Journal of Educational Research - published by the Department of Educational Research of the Ontario College of Education

The Alberta Journal of Educational Research - published by the Committee on Educational Research, Faculty of Education, University of Alberta

The Journal of Education, U.B.C. - published by the Faculty and College of Education, Vancouver and Victoria, B.C.

Selection of Articles

Each issue of the eighteen periodicals, published during the period January 1st, 1955^c to December 31st, 1964, was examined carefully and a xerox copy was made of any article which dealt with any aspect of educational finance, either directly or indirectly. In this way, 170 articles were selected for study, and Table II shows the distribution of these articles.

Identification of Issues and Problems

Each article was read carefully and a brief note of its contents was recorded on a separate card, on which a biographical entry of the article was also made. A careful reading and study of the articles

^bThis periodical was first published in 1961 and resulted from the amalgamation of two other periodicals, Canadian Education and Canadian Research Digest.

^cCanadian Public Administration and Ontario Journal of Educational Research were first published in 1958. The Journal of Education, U.B.C. was first published in 1957.

TABLE II

DISTRIBUTION OF ARTICLES SELECTED FOR STUDY, BY PERIODICAL

Periodical	Number of Publications Annually	Number of Articles Selected for Study
Canadian School Journal	8	8
The Alberta School Trustee	10	25
The Argus	10	14
The B.C. School Trustee	8	4
The Educational Review	4	4
The Manitoba Teacher	5	8
The Nova Scotia Teacher	5	5
The A.T.A. Magazine	10	9
The B.C. Teacher	8	11
The Teachers' Magazine	5	4
The Canadian Journal of Economics and Political Science	4	10
Canadian Public Administration	4	16
Canadian Tax Journal	6	28
The Canadian Banker	4	7
Canadian Education and Research Digest	4	11
Ontario Journal of Educational Research	3	3
The Alberta Journal of Educational Research	4	1
The Journal of Education U.B.C.	1	2
Total		170

led to the identification of the following major issues and problems in Canadian educational finance.

1. The present and future cost of education.
2. Education as an investment.
3. Federal aid for education.
4. Educational revenues with particular emphasis on problems related to the real property tax and proposals for additional revenue sources.
5. Provincial-local relationships in education.

Treatment of Selected Articles

Following the identification of the five major issues and problems in educational finance, each article was categorized according to the particular issue or problem it discussed. If an article discussed more than one of the issues identified, a note was made of this on the index card and the article was then placed in the most appropriate category. Articles which could not be placed in any of the five categories were not used further in the study. Table III shows the number and distribution of articles in each category, together with those articles rejected for further use.

Analysis of Articles

Each of the major issues identified was analyzed in turn. This was done by reading and examining again all the articles which discussed that particular issue. Each issue was then reported in the following manner:

1. Description and brief discussion of the issue;

TABLE III

DISTRIBUTION OF ARTICLES BY PROBLEM, AND BY PERIODICAL

Periodical	Number of Articles Used for Each Problem					Number of Articles Rejected
	1	2	3	4	5	
Canadian School Journal	3		2	1		2
The Alberta School Trustee	3	1	5	1	8	7
The Argus	3	3	3	1	2	2
The B.C. School Trustee				1	1	2
The Educational Review			1		1	2
The Manitoba Teacher	4	1	2		1	
The Nova Scotia Teacher	1	2	1		1	
The A.T.A. Magazine	4		1		2	2
The B.C. Teacher	1	1	2	2	1	4
The Teachers' Magazine	1	1	1			1
The Canadian Journal of Economics and Political Science		1	1		1	7
Canadian Public Administration	1			7	1	7
Canadian Tax Journal	2	1	1	15		9
The Canadian Banker				1		6
Canadian Education and Research Digest	2		1	1	7	
Ontario Journal of Educational Research					1	2
The Alberta Journal of Educational Research				1		
The Journal of Education U.B.C.	1		1			
Totals	26	11	22	31	27	53

2. Summary of views and opinions of the writers about the issue, using quotations where applicable;
3. Implications as seen by the writers;
4. Summary.

A number of other Canadian and American references were also used at this stage to obtain a better understanding of the issues and problems under discussion. Details of these references are given in the Appendix.

V. DEFINITION OF TERMS

Periodical. As used here this term refers to a professional journal which is published at regularly recurring intervals.

Gross National Product. (GNP) The total value of all goods and services produced by Canadian residents during a year.

Formal Education. As used here this term includes all elementary and secondary education, and teacher training and higher education in universities and colleges.

Vocational Training. The preparation of individuals, in post-secondary institutions other than universities, for a particular occupation.

Foundation Program. This term refers to "an equitable fiscal partnership between the province as a whole and the individual school systems. . .to assure the financing of an acceptable offering in all school systems regardless of their tax-paying abilities."¹⁴

Real Property Tax. "A charge levied at some uniform rate on tangible goods and property to finance services performed by the government."¹⁵

VI. SUMMARY AND ORGANIZATION OF THE REMAINDER OF THE THESIS

This introductory chapter has outlined the problem which initiated this research, its importance, the delimitations and limitations which underly the study, and the definition of terms used. In addition, it has explained how the issues and problems were identified and analyzed. The remainder of the thesis will be organized in the following way:

Chapter II. Financing Education in Canada

Chapters III-VII. Description and Analysis of each of the five major
 issues and problems identified.

Chapter VIII. Summary and Discussion.

REFERENCES FOR CHAPTER I

¹ Dominion Bureau of Statistics, Preliminary Statistics of Education 1964-65 (Ottawa: Queen's Printer, 1965), p. 45.

² Ibid.

³ Financing Education in Canada (Ottawa: The Canadian Teachers' Federation, 1967), p. 13.

⁴ Ibid., pp. 19-20.

⁵ E. J. Hanson, "Financing Education," The Alberta School Trustee, XXXV (October, 1965), 5.

⁶ Financing Education in Canada, op. cit., p. 7.

⁷ J. Vaizey, The Economics of Education (London: Faber and Faber, 1962), p. 66.

⁸ Basil Dean, "Public Education-Current Problems," The Alberta School Trustee, XXXVI (December, 1963), 19.

⁹ Carroll Hanson, "Rebuilding a Commitment to Education," School-Community Relations (Edmonton: Department of Educational Administration, Faculty of Education, University of Alberta, 1963), p. 1.

¹⁰ P. L. Maltby, "Fundamental Problems of Educational Finance," Paper, read at Canadian Teachers' Federation Conference on Educational Finance (Toronto, October 27, 1965), p. 2. (Mimeographed.)

¹¹ Ibid., p. 1.

¹² Dominion Bureau of Statistics, loc. cit.

¹³ Ibid.

¹⁴ L. G. Young, "School Grants--Their Purpose and Application," School Trustee, XIX (December, 1966), 27.

¹⁵ Carter V. Good (ed.), Dictionary of Education (New York: McGraw-Hill Book Company, Inc., 1959), p. 549.

CHAPTER II

THE FINANCING OF PUBLIC EDUCATION IN CANADA

I. INTRODUCTION

Thompson states that:

Since education in Canada is a provincial function, it is virtually impossible to describe any Canadian system of school finance. There are however certain basic principles that have common acceptance throughout the nation which seem to be uniquely Canadian.¹

The four main principles identified by Moffatt are: (1) provincial responsibility for education, (2) local administration of education, (3) equality of educational opportunity for each individual and (4) equality of sacrifice in the provision of a basic educational program.²

The purpose of this chapter is to describe in a general manner how public education in Canada is paid for and how educational revenues are raised and distributed. Without this background information it would be difficult to understand and appreciate the issues and problems which are discussed in this study.

II. PROVINCIAL RESPONSIBILITY FOR EDUCATION

Under Section 93 of The British North America Act the provincial legislatures were given exclusive power over education. Thus, there are ten provincial education systems in Canada today and although they are similar in many respects, they are different in others. Furthermore,

Collins states that each of them is "independent of control by the federal government or by other provinces and. . .jealous of its sovereign rights in this field."³

Although the provincial legislatures have the ultimate responsibility for education in their respective provinces they have assigned much of the administration of education to local agencies.⁴ School boards, which are responsible to a local electorate, have been created for this purpose, and in all provinces, except New Brunswick, function as corporations and operate under their provincial school act and regulations.⁵ The tradition of local administration of schools was well established before Confederation and Moffatt claims that only in this way can "the religious influence and the tradition of parental responsibility express itself in the amount and type of education to be given to our children."⁶

In general, local school boards are responsible for establishing and maintaining schools, selecting qualified staff⁷ and securing part of the money required to finance education. Provincial departments of education, on the other hand, have major control over "what shall be taught, in what way and by whom."⁸ In other words their primary responsibility is for curricula, methods of instruction, textbooks, educational standards, evaluation of pupil progress and for the educational program as a whole.⁹

While education is primarily a provincial responsibility, the federal government is directly concerned with the education of Indians, Eskimos, white children in territories outside the provinces, families of members of the armed forces on military bases at home and overseas,

and inmates of federal prisons. In addition, the federal government makes large sums of money, in the form of grants, available to provincial authorities for vocational and agricultural education and for universities.¹⁰

III. SHARING THE COSTS OF EDUCATION

All three levels of government in Canada--federal, provincial and municipal--share in the cost of providing education, and in 1963 contributed 90 per cent of the total expenditure on formal education and vocational training.¹¹ It is very significant to note, however, that the degree of support by each level of government is inversely related to the amount of revenue available to it. In 1962, for example, the federal government devoted only 4.0 per cent of its total expenditures to education, yet it has the largest and most broadly-based sources of taxation. The provincial governments, which possess the second highest level of resources, allocated 29.4 per cent of them to education. On the other hand, however, the municipal governments, which have the smallest resources and the narrowest tax base, spent 35.3 per cent of their total revenue on education.¹²

In recent years, however, there has been a marked change in the proportion of the total expenditures on education borne by each of the different levels of government. Since 1954 the proportion paid by municipal governments has declined from 48.7 per cent to 32.7 per cent in 1962. Over the same period, however, the shares of the provincial and federal governments have increased respectively from 37.8 per cent to 44.8 per cent and from 5.0 per cent to 10.3 per cent.¹³

Almost all the educational expenditures of municipal governments are for public elementary and secondary education.¹⁴ Approximately 70 per cent of the total expenditures on education by provincial governments comprises grants to local school boards. In addition, however, provincial governments are "involved in the administration and supervision of the public school systems and in the provision of services," for example, special education and correspondence schools. Provincial governments also make grants for higher education in universities and colleges and for teacher training outside universities.¹⁵

As was stated earlier in this chapter, although education is a provincial responsibility, the federal government has a constitutional obligation to provide education for certain children. By far the greater part of the federal government's expenditure on education, however, goes to higher education and vocational education and training. Under The Technical and Vocational Training Agreement, the federal government makes substantial contributions for most of the kinds of vocational education and training which are provided both in secondary schools and at the post-secondary level.¹⁶

IV. THE SOURCES OF EDUCATIONAL REVENUE

Each of the three levels of government in Canada derive by far the greater part of their revenue from taxes of various kinds. Table IV shows that in 1962, for example, taxation accounted for 86 per cent of the combined revenue of all three types of government and for 92 per cent, 70 per cent and 89 per cent of the total revenue of the federal, provincial and municipal governments respectively.

TABLE IV
SOURCES OF NET GENERAL REVENUE^a FOR EACH LEVEL OF GOVERNMENT
IN 1962^b

Revenue Source	Per cent of Total Revenue			
	Federal	Provincial	Municipal	Total
Taxation Revenue:				
Income Tax:				
Corporations	20.2	13.3	-	15.1
Individuals	31.4	12.1	-	21.1
Other	2.0	-	-	1.2
General Sales	17.2	17.3	2.3	14.8
Motor fuel and fuel oil sales	-	16.2	-	4.3
Other Sales	-	2.2	0.2	0.6
Excise duties and special excise taxes	10.0	-	-	5.7
Customs import duties	10.0	-	-	5.7
Real and personal property	-	0.3	82.9	13.7
Business	-	-	2.6	0.4
Estate taxes and succession duties	1.4	2.4	-	1.4
Other	-	6.3	0.8	1.8
Total Taxation Revenue	92.2	70.1	88.8	85.8
Total Non-Taxation Revenue	7.8	29.9	11.2	14.2

^aExcluding intergovernmental transfers.

^bSource : Financing Education in Canada (Ottawa: The Canadian Teachers' Federation, 1967), p. 55.

While governments raise revenue in a variety of ways, each level of government derives a major share of its revenue from "one or two main sources with each source being different for each of the three levels."¹⁷

Personal and Corporation Income Taxes are the main source of revenue of the federal government and in 1962 accounted for 51 per cent of the total.¹⁸

The provincial governments rely heavily on general sales taxes, and taxes on motor fuel and fuel oil, and in 1962 these taxes respectively provided 17 per cent and 16 per cent of provincial revenue. Non-taxation sources, that is, charges for privileges, licenses and permits, produced a further 20 per cent of provincial revenue in 1962.¹⁹

Municipal governments obtain most of their revenue from provincial grants and the real property tax. When the former are discounted, however, the main revenue source is the property tax which accounted for 83 per cent of municipal revenue in 1962.²⁰ In recent years too, the proportion of municipal and school board revenue, which is derived from taxation, has decreased. Taxation revenues have declined from 67 per cent in 1951 to 56 per cent in 1962. On the other hand, during the same period, there was a corresponding increase, from 33 per cent to 44 per cent, in the proportion of municipal and school board revenue derived from non-taxation sources. This increase has resulted largely from increases in the size of provincial grants to school boards.²¹

V. THE DISTRIBUTION OF EDUCATIONAL EXPENDITURES

It has been shown in Chapter I that expenditures on formal education and vocational training have increased substantially in recent years, both in absolute terms and in relation to the growth of the Gross National Product. Expenditures on the different major types of education, however, have grown at different rates. While total expenditures on formal education and vocational training increased by 294 per cent between 1955 and 1965, those for higher education increased by 510.4 per cent, for vocational training by 413.5 per cent, for public elementary and secondary education by 255.6 per cent, for private elementary and secondary education by 251.5 per cent and for teacher training outside the universities by 180.3 per cent.²²

During the same period the proportion of total educational expenditure allocated for public elementary and secondary education declined from 80.6 per cent to 72.8 per cent and that for private elementary and secondary education from 2.5 per cent to 2.2 per cent. At the same time, however, higher education increased its share of total educational expenditures from 13.8 per cent to 24.4 per cent, while vocational training increased its share from 2.3 per cent to 3.0 per cent.²³

VI. SUMMARY

This chapter has described the main principles on which the Canadian system of educational finance is based. In addition, it has been explained how educational revenues are raised and allocated and to what extent each of the three levels of government share in the financing of education.

REFERENCES FOR CHAPTER II

- ¹W. P. Thompson, Foreword to H. P. Moffatt, Educational Finance in Canada (1957 Quance Lecture in Canadian Education) (Toronto: W. J. Gage Limited, 1957), p. 9.
- ²H. P. Moffatt, Educational Finance in Canada (1957 Quance Lecture in Canadian Education) (Toronto: W. J. Gage Limited, 1957), pp. 43-46.
- ³C. P. Collins, "The Canadian Educational System," Provincial School Grants 1941 to 1961 (Toronto: Canadian Tax Foundation, 1962), p. 1.
- ⁴F. Enns and H. T. Sparby, "Provincial Responsibility for Education," The Alberta School Trustee, XXXI (June, 1961), 12.
- ⁵Dominion Bureau of Statistics, The Organization and Administration of Public Schools in Canada (Ottawa: Queen's Printer, 1966), pp. 13-14.
- ⁶Moffatt, op. cit., p. 44.
- ⁷Dominion Bureau of Statistics, op. cit., p. 14.
- ⁸G. E. Flower, "School Administration Has Come of Age," School Progress, XXVII (April-May, 1958), 32.
- ⁹Collins, op. cit., p. 4. ¹⁰Ibid., p. 1.
- ¹¹Dominion Bureau of Statistics, Survey of Education Finance 1963 (Ottawa: Queen's Printer, 1967), p. 10.
- ¹²Financing Education in Canada (Ottawa: The Canadian Teachers' Federation, 1967), p. 24.
- ¹³Ibid., p. 28. ¹⁴Ibid.
- ¹⁵Survey of Education Finance 1963, op. cit., p. 23.
- ¹⁶Ibid., pp. 18-22.
- ¹⁷Financing Education in Canada, op. cit., p. 56.
- ¹⁸Ibid. ¹⁹Ibid. ²⁰Ibid. ²¹Ibid., p. 58. ²²Ibid., p. 19.
- ²³Ibid.

CHAPTER III

THE PRESENT AND FUTURE COST OF EDUCATION IN CANADA

I. INTRODUCTION

One of the major issues, which was discussed by writers on educational finance during the period 1955 to 1964, was concerned with present and future educational costs in Canada. Twenty-six of the articles used in this study devoted themselves either entirely or in part to this particular topic. The views and opinions which were expressed in them will be discussed under the following headings:

Does education cost too much?

What will education cost in the future and why?

What are the implications of increasing education costs?

II. DOES EDUCATION COST TOO MUCH?

In spite of the considerable increase in educational expenditures during the period 1955 to 1964, all writers were in agreement that these expenditures were far from extravagant when compared to other expenditures and when the economic and social importance of education was taken into account. Ayers and Channon indicated that in 1957, per capita expenditure on education was \$60, whereas that on liquor and tobacco was \$89, and \$120 per capita was spent on the purchase and operation of cars.¹ Goldring, writing in 1958, stated that the proportion of the Gross National Product spent on education was considerably below that spent in 1931.² Taking another point of view, Dean justified

rising educational expenditures on the grounds that, with the possible exception of defence, education was the nation's most important public activity. He maintained that disastrous consequences would result if children were not prepared for the kind of world in which they would have to live. Dean, in fact, summed up the feelings of most writers when he said, ". . .we can afford what we are spending now. . .we could afford, if necessary, to spend more, and the only real question is how this money is to be provided."³

Since there was unanimous support for the amount of money allocated to education, a number of writers were critical of those who complained that education costs were too high. In a brief to the provincial government in 1964, the Manitoba Teachers' Society expressed concern about an influential minority of education officials who considered that education costs were too high and must be curbed.⁴ Jackson claimed that the general public in Ontario had little awareness of the problems which faced education, both at present and in the future. He stated:

Unfortunately, the general public has paid more attention to industrial developments, housing, highways, sewers, subways, and the like, than to school matters, despite repeated statements by government leaders in this province that education is Ontario's Number One problem.⁵

A possible explanation of the public's attitude toward educational expenditures was offered by Long, who said that education seems to cost more than it really does because of the way in which it is financed. He explained that through the property tax, the local taxpayer is constantly reminded that education is the main cause of high municipal taxes. Long, therefore, suggested:

To avoid this situation, the increased costs of education must be spread out, with a much larger share of the cost being borne by the Provincial and Federal Governments.⁶

III. WHAT WILL EDUCATION COST IN THE FUTURE AND WHY?

As well as defending and justifying present educational expenditures, many writers predicted that these expenditures would continue to rise in future, both in absolute terms and as a percentage of the country's wealth. Some also attempted to estimate the extent of the increase. Since the estimates were made at different times and for different time-periods, however, they have little significance for this study and will not be discussed further here.

The predictions about the future cost of education were made on the basis of a number of factors. First, it was forecast that school enrolments would increase rapidly as a result of a growing birth-rate, continued immigration, and the fact that pupils would remain longer in school. A number of writers stressed the need for pupils to obtain the highest academic qualifications of which they were capable, for as one of them said, "with employers demanding much higher educational qualifications today, any young man or woman without at least high-school graduation finds employment opportunities extremely limited."⁷

A second major factor which would contribute to increased educational costs was seen as the need to improve the quality of education. Chase, for example, maintained:

The demands on education are still growing and taking on new dimensions which constitute a more fundamental challenge to the schools than the necessity for operating with a shortage of both classrooms and qualified teachers. In essence, the new demands spell out the need for a quality education for the masses, which

is a demand never before made on the schools of a nation. Analysis of the situation compels a doubt that the schools as now constituted and supported can carry this burden of preparing man to occupy the new world which is emerging from repeated applications of science and technology to the material conditions of life.⁸

Thomas claimed that growing urbanization was yet another factor which would place increased demands on education and probably lead to further increases in educational expenditures. He argued that children tended to remain longer in school in urban than in rural areas, that teachers' salaries were higher in cities, and that "the individual complexity of city life results in broader secondary school curricula."⁹

Finally, continued inflation and developments in higher education and vocational training were regarded as two other important factors which would result in increased education costs.

IV. WHAT ARE THE IMPLICATIONS OF INCREASING EDUCATION COSTS?

While predicting a substantial increase in future educational costs, many writers indicated that it would not be an easy task to secure additional revenue to meet these costs. Although it was claimed that "the steady rise in national income and productivity would make possible the support of a vastly improved program of education without imposing any strain on the economy,"¹⁰ no one doubted that higher costs would mean higher taxes. Thus educators and school board members were urged to develop attitudes and opinions in people that would lead them to support education more effectively. Stewart urged:

If the attitudes of people are to be such that finances will be directed into education, it is necessary for us to make a balanced representation of the gains from education, so that there may be a balanced understanding on the part of people.¹¹

He believed that greater support for education would be forthcoming if more emphasis were placed on the benefits which accrued to individuals both in the form of personal satisfaction and increased productivity.¹² Jackson emphasized that it was the responsibility of everyone in education to inform parents and other ratepayers exactly what was needed to provide the level of educational services they desired. He warned that no one would do this job for educators, and if they failed, a steady deterioration in educational services would take place.¹³

The most important implication of the projected rise in educational costs was regarded by a number of writers as being the need to re-examine the whole system of financing education in Canada. Andrews, for example, urged that substantial alterations should be made in the mechanics of providing the money for education.¹⁴ Long referred to "our antiquated way" of financing education and with others was particularly critical about the proportion of educational expenditures which was borne by the real property tax.¹⁵

Several proposals were made regarding the raising and distribution of educational revenues. It was suggested that less reliance should be placed on a modified form of the real property tax and more placed on income and sales taxes. Furthermore, both the federal and provincial governments were urged to make greater contributions to educational expenditures and in doing so attempt to equalize educational opportunities as well as burdens.

Finally, some writers felt that if education was to demand more of the nation's resources in future, it was the responsibility of

educators to ensure that these resources were utilized efficiently.

Brown stated:

In the years ahead school costs will continue to increase as the numbers in school increase. The higher levels of government are keenly aware of this and they are going to place the issue squarely on the public to choose between what they consider more important--education or services. If education is to merit its fair share of the tax dollar, it is incumbent on all of us in education to see that we give full measure of value for what we are receiving.¹⁶

Smith suggested that one way of accomplishing this would be to apply a cost-benefit analysis to all projects before they were embarked upon.¹⁷

IV. SUMMARY

There was general agreement among the writers studied that during the period 1955 to 1964 expenditures on education were not too high and those that took an opposite point of view were criticised. Furthermore, it was indicated that educational expenditures would increase in future as a result of higher school enrolments, improvements in the quality of education, urbanization, inflation and developments in higher education and vocational training. To meet rising educational expenditures it was recognized that additional revenue would have to be obtained. Some writers suggested that this could be done by appealing for extra school funds. Others indicated, however, that if additional revenue was to be obtained, fundamental changes would have to be made in the system of financing education.

REFERENCES FOR CHAPTER III

- ¹J. Douglas Ayers and Geraldine Channon, "We Spend So Much and Yet So Little on Education," The Manitoba Teacher, XXXVII (May-June, 1958), 11.
- ²C. C. Goldring, "What Happens to Education," The Argus, XVII (June, 1958), 190.
- ³Basil Dean, "Public Education--Current Problems," The Alberta School Trustee, XXXIV (December, 1963), 19.
- ⁴"Financing Public School Education," The Manitoba Teacher, XLIII (September-October, 1964), 68.
- ⁵R. W. B. Jackson, "Critical Problems in Education in Ontario," The Argus, XVIII (June, 1959), 217.
- ⁶Marcus Long, "The Crisis in Education," The Manitoba Teacher, XXXV (May-June, 1956), 56.
- ⁷Jackson, op. cit., p. 218.
- ⁸Francis S. Chase, "Changes Ahead for Our Schools," The Nova Scotia Teachers' Bulletin, XXXIV (April, 1957), 11.
- ⁹J. Allen Thomas, "Some Factors Related to Future Educational Costs in Canada," Canadian Education and Research Digest, II (March, 1962), 67.
- ¹⁰Chase, op. cit., p. 12.
- ¹¹Andrew Stewart, "Financing Education: An Economist's View With Some Personal Bias," Canadian Education, IX (1955), 80.
- ¹²Ibid., p. 81.
- ¹³Jackson, op. cit., p. 224.
- ¹⁴H. M. Andrews, "The Financing of Education," The Alberta School Trustee, XXXII (November, 1962), 24.
- ¹⁵Long, op. cit., p. 56.
- ¹⁶Jack Brown, "Where Does the Education Dollar Go?" Canadian School Journal, XLII (November, 1964), 14.
- ¹⁷Reginald H. Smith, "A Forecast--1969," Canadian School Journal, XLII (April, 1964), 15.

CHAPTER IV

EDUCATION AS AN INVESTMENT

I. INTRODUCTION

Traditionally, education has been regarded as a consumption good, that is, individuals demand it for its own sake, for the purpose of bringing satisfaction and pleasure. In recent years, however, the importance of education as an investment good has come to be recognized. It has been shown that investment in education results not only in substantial economic returns to the individuals concerned but also to society as a whole. Eleven of the articles examined in this study dealt with this latter issue and the main ideas expressed in them will be discussed in this chapter.

II. WHAT ARE THE PRIVATE RETURNS FROM INVESTMENT IN EDUCATION?

Some writers emphasized that in addition to bringing pleasure and personal satisfaction and achieving cultural goals, education also brought direct economic returns to the individuals concerned in terms of better jobs and higher salaries. Fergusson, for example, stated: "There is. . . ample evidence both published and personal which. . . indicates the relationship between education and personal income and between lack of education and unemployment."¹

Cheal referred to studies which illustrated in quantitative terms the returns to individuals from investment in education. In

reporting the findings of a study by Miller concerning the effect of education on life-time earnings, he said:

Miller, using 1958 data, estimated the capital value of life-time income for a person with an eighth grade education at \$162,000; for a person with high-school education at \$232,000; and for a person with a four-year college education at \$380,000.²

Cheal also referred to a study by Becker which estimated that the rate of return on investment in college education before taxes for male urban students was 10 per cent, whereas the estimated rate of return on investment in physical capital was eight per cent.³

After reviewing the findings of three studies on the private returns from investment in education, Cheal concluded:

There seems to be general agreement among economists, therefore, that the returns to investment in human capital are as high, if not higher, than returns to investment in physical capital.⁴

Although the private and public returns from investment in education have become of particular concern to writers and economists only in recent years, one article pointed out that many parents and pupils were always conscious of the former, at least. It claimed:

Many parents and pupils, of course, never entirely accepted the idea of education for its own sake, but felt sure that, for them at least, it was an investment which would bring an individual return in terms of a better job and a higher salary. Not even the most ardent believer in what has come to be termed the 'liberal arts' ever rejected the proposition that education should give a man or woman the ability to adapt himself happily to the requirements of earning his daily bread.⁵

III. WHAT ARE THE PUBLIC RETURNS FROM INVESTMENT IN EDUCATION?

While only a few writers discussed the private returns to educational investment all writers were deeply concerned with the relationship between education and economic growth. Cheal, for example, stated:

Today. . .there is increasing evidence that many leading economists are discovering that education is also a significant producer of good and that it is a major factor in the economic growth of an industrialized society.⁶

Some writers used the findings of empirical studies to support their argument that education is an important factor contributing to economic growth. An article in The Manitoba Teacher referred to a study by the Swiss economist, Bombach, who maintained that two-thirds of total labour productivity in the United States could be attributed to the 'human factor' rather than an increase in physical capital.⁷ Similarly, Cheal drew attention to a study by Denison which had attempted to analyze the factors which had contributed to economic growth in the United States from 1929 to 1957. Denison concluded that during this period 23 per cent of the growth in total real national income and 42 per cent of the growth in real national income per person could be attributed to education.⁸

One writer found it strange that it had taken economists so long to recognize that there was a relationship between the level of education and economic growth in view of the economic prosperity enjoyed by some countries which possessed relatively few natural resources. It was claimed:

It must have always been fairly obvious that countries like Switzerland with a low level of natural wealth and a high level

of education had a higher standard of living than countries with rich resources and poor education.⁹

Rather than view education's contribution to the economic prosperity of a country merely in quantitative terms some writers, like Phimister, regarded education as "a key to national greatness."¹⁰ He argued that through investment in education Canada would not only be able to develop its own economic strength but could then share that strength with developing countries in Africa and Asia.¹¹

IV. WHAT ARE THE IMPLICATIONS OF REGARDING EDUCATION AS AN INVESTMENT GOOD?

The recognition that the rate of economic growth in a country is closely related to the level of investment in education and human resources led some writers to urge that more resources should be allocated to education. Andrews, for example, stated that, "more education for more and more children is being seen, . . . as a national investment which we cannot afford to shirk."¹²

Cheal considered that investment in human capital in Canada was far from adequate. In particular, he pointed to the shortage of management, scientific, and technical personnel and to the wastage of pupils with high potential who did not even complete high school. He noted too that considerable inter-provincial differences existed in educational output as measured by the rate of pupil retention in school. Since more than half of these differences could be attributed to differences in provincial wealth, Cheal concluded:

Certain provinces and regions of Canada are economically unable, without outside assistance, to develop the educational program

necessary to meet Canada's manpower needs.¹³

He therefore asked:

To what extent and by what means should the federal government enlarge its present participation in educational projects? Do we need a federal office of education to coordinate activities, disseminate information and promote research?¹⁴

Other writers suggested other possible ways of meeting Canada's future manpower needs. Phimister forecast that in future the number of unskilled jobs would decrease, the number of people employed in the 'service' industries would increase, younger people would be given more responsible jobs and the need for skilled workers would no longer be met by immigration. To meet these changing demands in employment, he advocated the retraining of unemployed persons, the extension of the period of compulsory education and improved employment opportunities for women.¹⁵

One writer emphasized the importance of making increased investments in education without delay and argued:

As lost time is never found again, if educational investments are not made, the opportunity, as far as the present generation of students is concerned, never returns. Money not spent in capital goods this year, can be spent next year, usually without the danger of permanent harm, but if money is not invested in a child's basic education, the effects will be felt by the community as long as that child lives. On the other hand, a good education has a long-term effect, for it contributes to the economy during the individual's forty or more years of working life.¹⁶

Another writer, Robertson, maintained that the emphasis placed on education as an investment good had major implications for the method of financing education. He argued that since the benefits of education accrue to society as a whole and not merely to one part of it or to the person receiving the education, the financing of education should be

considered in a wider setting than the local one. Robertson continued as follows:

We might well abandon what is left of the notion that there is such a thing as a local taxpayer, as distinct from a taxpayer pure and simple. Whether the funds for education come from local, provincial or federal sources, the same taxpayer pays--and it is pointless, in my opinion, to refer to him as the man of three pockets.¹⁷

Stewart maintained, however, that since there was no question that substantial private returns accrued from education, individuals should be required to bear a substantial part of the cost of education themselves. He argued:

I suggest that the approach should not be that the state take over more and more of the educational costs, but rather that the state contribution should be directed towards encouraging educational effort on the part of individuals, and eliminating financial incapacity when it occurs.¹⁸

Finally, two writers were concerned that the emphasis on the economic returns to education should not be allowed to detract from other equally important benefits which result from education. The following quotation from a speech by Arthur Tremblay, Deputy Minister of Education for Quebec, reported in The Manitoba Teacher, revealed this concern:

Education does not have as its sole aim the development of aptitudes which relate directly to the economic efficiency of the individual; it will not seek to develop only technical aptitudes, but will also attach significant importance to the development of humanistic aptitudes. That is, those which will enable an individual to participate as fully as possible in the social life of his milieu.¹⁹

V. SUMMARY

In this chapter, education was regarded solely as an investment good and the economic returns which accrue to both individuals and society as a whole, from investment in education, were discussed. In particular, it was noted that the more money individuals invest in their education, the greater the returns in the form of higher life-time earnings. Similarly, the important contribution which education makes to economic growth was demonstrated. It was argued therefore, that more resources should be invested in education without delay. Some writers pointed out, however, that in stressing the economic returns to education, other equally important social benefits of education should not be overlooked.

REFERENCES FOR CHAPTER IV

¹Norman Fergusson, "Educational Investment Necessary," The Nova Scotia Teacher, XXXIX (October, 1962), 12.

²J. E. Cheal, "Education: Investment in Youth," The Argus, XXII (November-December, 1963), 402.

³Ibid. ⁴Ibid.

⁵"Education as an Investment," The Teachers' Magazine, XLIII (May, 1963), 6.

⁶Cheal, op. cit., p. 401.

⁷"Education and Economy," The Manitoba Teacher, XLIII (November-December, 1964), 23.

⁸Cheal, op. cit., p. 402.

⁹"Education as an Investment," op. cit., p. 6.

¹⁰Z. S. Phimister, "Public Education. A Key to National Greatness," The Argus, XIX (November-December, 1960), 440.

¹¹Ibid., p. 439.

¹²H. M. Andrews, "The Financing of Education," The Alberta School Trustee, XXXII (November, 1962), 24.

¹³Cheal, op. cit., p. 405. ¹⁴Ibid.

¹⁵Z. S. Phimister, "Education and Changing Demands in Employment," The Argus, XX (October, 1961), 368-69.

¹⁶"Education as an Investment," op. cit., p. 6.

¹⁷Ronald Robertson, "Financing Education," Canadian Tax Journal, XL (1963), 487-88.

¹⁸Andrew Stewart, "Financing Education: An Economist's View With Some Personal Bias," Canadian Education, IX (1955), 81.

¹⁹"Education and Economy," loc. cit.

CHAPTER V

FEDERAL AID TO EDUCATION

I. INTRODUCTION

In Chapter II it was explained that under Section 93 of The British North America Act education is a provincial responsibility. Nevertheless, the federal government is constitutionally obliged to provide elementary and secondary education for certain children and in recent years has begun to make a substantial financial contribution towards vocational, technical, and higher education. In spite of this, in 1962 the federal government devoted only 4.0 per cent of its net general expenditures to all types of education.¹ With the growing demand that more resources should be allocated to education, attention has turned to additional sources of educational revenue. It is often argued, therefore, that the federal government should contribute more money to all types of education. Twenty-two of the articles used in this study were concerned with the question of federal aid to education and the views and opinions expressed in them will be discussed in this chapter.

II. THE NEED FOR FEDERAL AID TO EDUCATION

In spite of the constitutional provision which makes education a provincial responsibility, it was argued that, for a number of reasons, the federal government should allocate resources for elementary and

secondary education. First, a number of writers argued that the present method of financing education was inadequate to meet the projected increase in educational expenditures and that additional sources of revenue would have to be found. It was suggested, therefore, that one important untapped source of revenue was the federal government. One writer, Lazerte, a strong advocate of federal aid to education, called for federal aid on the grounds that otherwise it would not be possible to increase educational expenditures without impairing all other municipal services.²

Thomas maintained that although it was possible to make certain improvements to the real property tax it was doubtful whether a considerable proportion of the increased revenue required in future could be drawn from that source. He considered that the only equitable tax that was capable of raising the large amount of money required was income tax, and said:

Federal aid for education, in the form of the distribution of proceeds of the income tax to provinces on an equalizing basis, is the only means by which Canadian children in all parts of the country can be assured of an adequate education.³

Finally, Katz put forward a case for federal aid to education on the grounds that Canada's investment in education, as measured by the percentage of the GNP devoted to education, lagged behind that of other countries. Furthermore, referring to the report, "A Graphic Presentation of Canadian Education," published in 1961 by the Dominion Bureau of Statistics, he argued that there was a maldistribution of expenditures on education among the three levels of government. Katz asserted:

The evidence is clear. Not only is Canada not keeping pace with what is happening in the field of educational costs in other

countries but the distribution of these costs within Canada itself is seriously out of balance, so serious that it has reached the stage of impeding essential progress.⁴

The necessity to regard education as a national rather than a local concern was seen by at least two writers as a justification for the federal government to make substantial contributions toward the cost of education. Katz argued: "Because all moneys spent on higher education and on the training of teachers are so obviously in the interests of the nation as a whole, all of these costs ought to be borne by the Federal Government."⁵

Similarly, Lazerte supported a case for federal aid for education as follows:

Gross national production totals are greatly affected by the quality of Canadian public education. The Dominion's place in world trade is similarly conditioned as is the general social and cultural level of Canadian life. Canadian school children, wherever they live should have equal educational opportunities. It is to aid local school districts and provincial governments in providing such opportunities with some equality of effort that federal aid is needed.⁶

Leddy, too, argued that in spite of the provisions of The British North America Act, the federal government should assist in providing greater financial resources for schools and universities. He stated:

The plight of our schools and universities, often tied to out-of-date financial procedures, increasingly inadequate, presents a national problem and it must be solved by national means, unencumbered by the dreary mystique of constitutional lawyers, happily debating clauses and commas without reference to the grim realities of a world in which great nations do not hamper and hobble themselves.⁷

Another closely-related reason for urging that federal aid should be given to education, was the need to equalize both educational opportunities and burdens across Canada. Lazerte, writing in 1955,

presented data which demonstrated large inter-provincial differences in annual school expenditures per pupil, an unequal distribution of school costs both within and between provinces, and wide variations in the percentage of school costs which was borne by provincial governments. Making the assumption that the quality of education provided is closely related to the level of per pupil expenditures, he argued that the type of education a child received depended on the province where he lived. He inquired, therefore, "How can educational opportunities be equalized for all Canadian children so that the type of schooling available to them does not depend, as now, upon the particular district or province in which they live?"⁸

Lazerte suggested that one way to achieve this would be for the federal government to give to each province whatever money it required to establish and maintain an adequate basic foundation program of education.⁹

Similarly, The Manitoba Teacher referred to a brief which was presented to the federal government by the Canadian Teachers' Federation in 1963 and which also emphasized the fact that "the quality of education available to Canadians depends on where they live."¹⁰ The brief pointed out that the inequalities which existed had their "real roots in the unequal distribution of economic resources, a field which is properly the concern of the federal government."¹¹ The federal government was therefore urged to call a meeting of all those vitally concerned to consider ways of alleviating these inequalities.¹²

One writer, Smith, emphasized the difficulty of providing accommodation for increasing school enrolments on account of high

interest rates and the existing burden on the real property tax. He therefore suggested a scheme whereby the federal government would assist in financing capital projects.¹³

III. THE DISTRIBUTION OF FEDERAL AID

Although every writer made a case for increased federal aid to education, a number of different proposals were put forward about the way in which this aid should be given. In view of the fact that education is constitutionally a provincial responsibility, most writers were concerned that federal assistance should not result in federal influence or control. With particular reference to aid for elementary and secondary education, therefore, they advocated that such aid should be given indirectly rather than directly and in any event unconditionally.

Robertson, for example, stated:

Since education is a provincial responsibility, we are unlikely to see direct assistance from the federal level for primary and secondary education; however, more federal assistance for higher education will probably be required.¹⁴

Long suggested that the federal government might give indirect aid to elementary and secondary education by increasing its financial support for higher education. He maintained:

The Federal Government could render a service of the first order by taking over much of the financial burden of subsidizing the universities. This would ensure the universities of enough money to get adequate staff and facilities. It would also release to the provinces some of the money they are now giving to the universities, money which they could use to supplement their present contributions to the elementary and secondary schools.¹⁵

Contrary to the proposals of other writers, however, the Canadian Teachers' Federation, favoured the use of direct grants on a per pupil basis as a means of distributing federal aid for elementary and

secondary education. Under their proposal, the federal government would give financial aid to provincial governments to enable them to bring the level of their basic foundation programs to a nationally-agreed standard.¹⁶

Goard, in discussing the effect of federal aid to technical and vocational education indicated, however, that no matter how federal aid was given, the federal government would nevertheless exercise a certain amount of control over the development of education. Although federal aid for technical and vocational education is forthcoming only after a provincial government has taken the initiative in providing a school or beginning a program, he argued:

Over a period of years this policy will inevitably result in the progressive enlargement of vocational and technical training through federal aid and the relatively slower development of general education which does not command federal support.¹⁷

Finally, one writer was particularly concerned about federal aid for the construction of new schools. He proposed that the federal government should:

1. Make an outright grant of up to \$500,000 to any municipality toward the cost of school construction approved by the provincial department of education.
2. Make three per cent loans to cover capital expenditures in excess of this amount.¹⁸

Similarly, the 1962 Canadian Conference on Education recommended, "That the Federal Government in cooperation with the provinces create a loan fund out of which school construction would be financed at low rates of interest."¹⁹

IV. SUMMARY

Although education is a provincial responsibility it was urged that the federal government should make a much greater financial contribution not only toward the cost of higher and vocational education but also toward the cost of elementary and secondary education. The case for increased federal aid to education was made on a number of grounds, the most important of which were: the need for additional revenue to meet the rising cost of education, the recognition that education was a national, rather than a provincial or local concern, and the need to equalize both educational opportunities and burdens across the country. Since the majority of writers did not wish to see increased federal aid accompanied by increased federal control it was suggested that any aid be given indirectly and unconditionally. Only one writer recommended that the federal government should give direct financial aid to elementary and secondary education.

REFERENCES FOR CHAPTER V

¹Financing Education in Canada (Ottawa: Canadian Teachers' Federation, 1967), 24.

²M. E. Lazerte, "Do We Need Federal Aid for Education?" The Alberta School Trustee, XXVI (June, 1956), 14.

³J. Allan Thomas, "Some Factors Related to Future Educational Costs in Canada," Canadian Education and Research Digest, II (March, 1962), 68-69.

⁴Joseph Katz, "More Federal Aid to Education," The Alberta School Trustee, XXXII (April, 1962), 23.

⁵Ibid., p. 24. ⁶Lazerte, loc. cit.

⁷J. Bascom St. John, "The Canadian Conference on Education, 1962," The Argus, XXI (September, 1962), 354.

⁸M. E. Lazerte, "The Cost of Education," The A.T.A. Magazine, XXXVI (November, 1955), 12.

⁹Ibid., p. 19.

¹⁰"Education is a Federal Concern," The Manitoba Teacher, XLII (November-December, 1963), 61.

¹¹Ibid., p. 62. ¹²Ibid.

¹³Reginald H. Smith, "A Proposal for Aid to Provincial Education," The Argus, XVIII (April, 1959), 129-30.

¹⁴Ronald Robertson, "Financing Education," Canadian Tax Journal, XI:6 (1963), 490.

¹⁵Marcus Long, "The Crisis in Education," The Manitoba Teacher, XXXV (May-June, 1956), 57.

¹⁶Lazerte, "Do We Need Federal Aid for Education?" op. cit., p. 14.

¹⁷Dean H. Goard, "The Effect of Federal Aid to Technical and Vocational Education on the Total Educational Services," Journal of Education U.B.C., X (April, 1964), 87-88.

¹⁸Smith, op. cit., p. 130.

¹⁹"Canadian Conference on Education," The Educational Review, LXXVI (May, 1962), 61.

CHAPTER VI

THE INADEQUACY OF THE REAL PROPERTY TAX

I. INTRODUCTION

Municipal governments and school boards in Canada derive by far the greater part of their taxation revenue from the real property tax. In 1962, for example, 83 per cent of their taxation revenue came from this source.¹ In recent years, however, the importance of the real property tax as a source of total municipal and school board revenue has declined. In 1951, the real property tax accounted for 55.2 per cent of that revenue, but the proportion decreased to 54 per cent in 1956 and to 47.3 per cent in 1962.²

Although its importance as a source of local government revenue has been declining, criticisms of and opposition to the real property tax appear to be stronger than ever. Consequently, proposals for improving the tax and for alternative means of raising revenue for municipal and school purposes are frequently put forward. Thirty-one of the articles used in this study discussed the decline in the importance of the real property tax as a source of school board revenue. In addition various ways of removing, or at least reducing, much of the criticism at present levelled against the tax were suggested. The views of the writers on these important issues will be summarized in this chapter.

II. THE IMPORTANCE OF THE REAL PROPERTY TAX AS A SOURCE OF SCHOOL BOARD REVENUE

A number of writers emphasized the fact that the real property tax was a major source of municipal and school board revenue in Canada.

Carswell, for example, stated: "The principal source of municipal revenue is the real property tax. In 1956, it accounted for 84 per cent of revenue from taxation and 70 per cent of total current revenue."³

Similarly, Goldenburg maintained that in spite of major social and economic changes and the introduction of many new taxes, "the tax on real property continues to be by far the major source of municipal tax revenue."⁴

Goldenburg went on as follows to explain why the real property tax had become so important in municipal finances:

Real estate derives special benefits from municipal services and expenditures. It derives its value in part from the general growth and development of the community. It forms a large portion of the assets of a community and is an important source of income. It is located within, and is not removable from, a single locality. A tax imposed upon it can, therefore, be effectively administered locally and the yield from this tax was for many years adequate for municipal purposes.⁵

Although the real property tax was considered to be the predominant source of municipal and school board revenue, it was demonstrated that its importance had diminished in recent years. Slater claimed ". . . the share of municipal expenditures financed by their own revenue-raising activities has fallen steadily from nearly 70 per cent in 1950 to about 60 per cent in 1962."⁶ Comparing the contribution of the real property tax to total government taxation revenue, Barber observed: "In 1928 the property tax provided almost one-third of all

government tax revenues. Today less than 10 per cent of all tax revenues are paid as property taxes."⁷

Uhlman, in a study of the impact of demographic and economic changes on the financing of education in rural Alberta, concluded:

Financially the trend became progressively clear--growing evidence of the inadequacy of the land tax.

.

It is noteworthy that in spite of vastly increased educational cost, there has been a decline in the proportion of the local tax dollar being expended for education.⁸

The large increase in municipal expenditures, particularly since World War II, was seen as an important reason why the real property tax's share of total municipal revenue had declined. Slater, for example, indicated that municipal government expenditures had increased more rapidly than national output during the period 1950 to 1962. He attributed this increase to the rising cost of providing educational, transport, protective and other services.⁹ Education, in particular, was regarded as the main contributor to increased municipal expenditures.

Inherent weaknesses in the real property tax itself were also put forward as reasons for its declining importance in municipal finance.

Several writers, for example, drew attention to the fact, that for a number of reasons, the yield from the real property tax increased much more slowly than the growth of the national income. Goldenburg highlighted this crucial problem when he said:

The relative inflexibility of the municipal revenue base is striking. It does not respond to economic influences as quickly

or to the same degree as do taxes which are more closely related to income or to the productivity of business. The figures for the years since 1945 show that even in a period of rapidly rising property values and of large-scale residential, commercial and industrial construction, the rise in the productivity of land and buildings has lagged far behind that of such provincial revenue sources as the sales tax, the gasoline tax, motor vehicle licenses, corporation taxes, and receipts under the Federal-Provincial Tax Rental Agreements.

.

. . . Accordingly, while real property tax revenues will continue to rise with the growth of the community, the rate of increase in the productivity of the tax will lag behind the rate of growth of the community, and will thereby continue to limit its capacity to finance expanded municipal services and facilities.¹⁰

The findings of an interesting study by Clark provided empirical support for Goldenburg's statement. Clark compared the relative behaviour of the real property and personal income taxes from 1950 to 1955 in four Ontario cities and found:

- (1) The tax base for the personal income tax increased greatly over the period whereas that for the real property tax increased only moderately.
- (2) Real property tax rates increased markedly but personal income tax rates declined slightly.
- (3) The increases in the tax levies for each tax were accounted for in different ways. A rising rate of taxation was mainly responsible for the increase in the levy from the real property tax. A rising tax base however accounted entirely for the change in the levy from the personal income tax.¹¹

Although Clark indicated that it would be wrong to generalize from the findings of such a limited study, he did suggest that the inflexibility of its base was probably the cause of much of the criticism directed at the real property tax. He maintained:

While no taxes are over-popular, the public is naturally likely to resist most strongly those taxes which have increasing rates, . . . a tax which increases by means of rising rates of taxation is likely to be more unpalatable than one which increases by means of an expanding base.¹²

Crawford, however, took a directly opposite point of view and stated:

Whatever the reason, the lesson of experience is that upward adjustments in assessments are much less acceptable to most property owners than upward adjustments in tax rates though the dollar effect on the individual taxpayer may be the same.¹³

III. CRITICISM OF THE REAL PROPERTY TAX AND SUGGESTED IMPROVEMENTS

Method of Assessment

Much of the criticism of the real property tax was directed at the way in which tax assessments were made. A number of writers drew attention to the fact that assessment practices varied considerably both within and between provinces. Finnis, for example, explained that whereas some assessment statutes left it to the assessor to decide how to discover the value of a property, others set out specific factors which either had to be or could be taken into account.¹⁴

In another article, Finnis claimed:

. . . No matter how scientific the method of assessment may be, the fact remains that property valuation relies very largely on the personal judgement of the assessor. This in itself can be a serious objection to the use of property as a tax base unless all those officials engaged in this most important task are adequately trained.¹⁵

Finnis also emphasized the importance of assessments being made on an equitable basis both between individual properties within the same classification and between properties of different types.¹⁶

It was suggested that one way of improving assessment techniques would be to upgrade the qualifications and training of assessors. In 1960, for example, Finnis complained that except in the Prairie

Provinces, local assessors needed no qualifications whatsoever for their positions.¹⁷ Furthermore, another way of obtaining greater uniformity of assessment was seen through provincial control of assessment procedures by the use of provincially-compiled manuals.¹⁸

Another strong criticism of assessment practices resulted from the fact that in the majority of cases property assessments were not based on current values or even on values very close to present day market values. Writing in 1960, Finnis stated:

British Columbia and Newfoundland have both laid down that local assessors shall use close to 1953 values as their level of assessment. Alberta is now using a manual based on 1957 levels of values; Saskatchewan interprets 'fair values' to mean the values of 1947 and Manitoba professes to assess at approximately 50% of present day average market prices. Elsewhere, where there is no provincial direction, assessments may be predicated on almost any level of value that the local assessors deem expedient.¹⁹

Undervaluation of property for assessment purposes was criticized for two major reasons. In the first place, it resulted in the unequal treatment of persons possessing similar types of property. Crawford claimed, for example:

It is agreed by most of those who have studied assessment problems that the possibility of the nearest approach to equity in assessment exists where assessments are on the basis of 100 per cent of value. Yet, practically everywhere we find extensive and admitted undervaluation.²⁰

Secondly, it was argued that undervaluation inevitably leads to soaring tax rates, thereby intensifying taxpayer resistance to the tax. Although certain difficulties were recognized, a number of writers recommended that annual changes should be made in real property assessments to take account of changes in market values and/or construction values. Clark maintained that although this proposal might not

altogether remove the need to increase property tax rates, it would strengthen property tax administration.²¹

Measure of Ability-to-Pay

The real property tax was also criticised on the grounds that ownership of property does not necessarily indicate ability to pay taxes. One writer claimed: "Ownership of real property certainly implies the existence of taxpaying capacity but this does not mean that property values measure a taxpayer's ability-to-pay."²²

Similarly, Slater argued:

The value of property occupied or used never was an ideal indicator of ability to pay, and it appears to be a somewhat less good indicator now than it used to be. Personal worth is held more in other forms and less in real property than it once was.²³

Hence, it was indicated that the real property tax was regressive since it took a larger proportion of income from those less able to pay.

A number of suggestions were made as to how the real property tax might be made more progressive and therefore to conform more with the principle of ability-to-pay. Goldenburg suggested the introduction of a graduated tax rate based on property values, or alternatively the application of a uniform tax rate to a percentage of the assessed valuation on a graduated basis.²⁴ Finnis, however, was critical of an attempt by the city of Toronto to make the tax progressive in nature by introducing the partial exemption of property. He claimed that the only effect of this modification had been "to heap inequity upon inequity."²⁵ Similarly, Slater argued that no very satisfactory system of exemptions

from real property tax had been evolved to take into account differing circumstances.²⁶

Other Criticisms of the Real Property Tax

Some writers felt that opposition to the real property tax might diminish if municipalities were to allow individuals to pay their taxes in instalments throughout the year rather than in one lump sum. Barber claimed:

. . .The government that can obtain its revenue in the most painless fashion will come out best. . . .Because so many taxpayers pay their property taxes in a lump sum once a year, the resistance to an increase in this form of tax is stronger. . . .Perhaps a more widespread use of regular monthly payments in the property tax field would make it easier to secure adequate rates.²⁷

McInnis made a similar suggestion when he said:

. . .If the collection of all realty taxes could be made on a monthly basis similar to those paid under N.H.A. mortgages the burden of realty taxes would be viewed in a different light. There are many administrative problems connected with monthly collections but I believe the subject is worth investigating.²⁸

A final important complaint about the real property tax was raised by Finnis. He referred to the uneven distribution of revenue producing properties and said that in consequence, "one municipality may well receive and benefit from a large industrial growth while a neighbouring municipality may be called upon to supply the residential services for the workers that this industry attracts."²⁹ It was suggested that one way to overcome this problem would be to adjust municipal boundaries or even to reorganize the structure of local government along the lines of the county system in Ontario.³⁰

In view of the strong criticism of the real property tax on a number of grounds, Finnis put forward a somewhat revolutionary proposal

to use property size instead of value as a measure of the tax base. He explained his proposal as follows:

By size, I mean the square foot area of land and building floor space. If it is benefit from services that justifies the tax base, surely size is as good as, and probably more logical than, value as a measure of the benefit received from at least some local services.³¹

Although Finnis admitted that size did not have any great benefit over value as a measure of value, he outlined as follows the advantages of such a method of assessment.

By the use of size, a taxpayer who improved his property without increasing its size would not be penalized; a new property would pay the same as an old of the same size and population density classification, and so re-development would be encouraged; size is extremely easy to measure as compared with value; it would be easy and cheap to administer; it would be very certain; and as it would be very simple and understandable, litigation should be cut to a trickle and confined to points of law in the enabling statute.³²

IV. ADVANTAGES OF THE REAL PROPERTY TAX

Although there was much criticism of the real property tax, a number of writers argued forcibly in its favour. Finnis best summed up their arguments as follows:

The main advantages of the property tax lie in the fact that the base is clearly defined and the tax is comparatively easy to administer and to collect. What is more, real property cannot easily be moved. Hence, the base itself is stable. Again, due to the complexities of valuations, the assessed values do not fluctuate as rapidly as do personal and corporate incomes and the volume of retail sales.³³

After discussing various features of the tax, he concluded that "the disadvantages of the property tax seem to outnumber but not necessarily to outweigh the advantages."³⁴

Barber also pointed to the fact that in spite of criticism of

the tax, Canadians were paying a smaller proportion of their income in real property tax than they were twenty-five years ago. He showed that whereas total receipts from real property taxes amounted to 5.1 per cent of national income in 1925, only 3.1 per cent of national income was spent in this way in 1953.³⁵

In the discussion of the advantages and disadvantages of the real property tax, Slater indicated that the burden of the real property tax had almost reached the limits of acceptance.³⁶

Finnis, however, argued:

. . .I do not agree that it can be taken for granted that the property tax has everywhere reached its limits of usefulness or productivity, as we so often hear proclaimed by local politicians. In some urban areas the point may have been reached where the weight of the tax is politically embarrassing but seldom is it economically so.³⁷

V. ADDITIONAL SOURCES OF MUNICIPAL REVENUE

It was generally agreed, that despite the disadvantages, many of which could in any case be overcome, the real property tax would continue to play an important role in municipal finances in future. Nevertheless, the majority of writers argued that additional sources of revenue would have to be found to pay for the ever-increasing burden of municipal expenditures. Goldenburg stated:

An analysis of municipal finance and taxation in Canada over the past twenty-five years shows that municipalities cannot be expected to finance on their existing tax base the responsibilities which will be forced upon them for the next twenty-five years.³⁸

Thus, a variety of additional sources of municipal revenue were proposed. These included a local sales tax, a municipally-imposed

motor-vehicle tax, a capital gains tax on the sale or transfer of real property, an amusement tax, and charges for specific services, such as water supply and sewage disposal. One writer, Goldenburg, however, was of the opinion that while it would be possible to tap new sources of municipal revenue, including taxes, they were unlikely to yield any substantial income. He, therefore, advocated an increase in provincial grants-in-aid towards municipal expenditures, and noted an existing trend in this direction as follows:

In provincial-municipal relations an increasing proportion of the greatly expanded revenues of most provincial governments is being spent either directly on, or by way of grants-in-aid to municipalities, for such services as education, health and welfare and roads. The "grants-in-aid" are not gifts by the provinces to their municipalities and school boards; they are partial compensation for the provision of services which are no longer of purely local concern but of province-wide interest and importance. As municipalities are relieved of financial responsibilities in this regard, they will be in a better position to expand essential local services and to renew and increase municipal plant both to meet existing requirements and in anticipation of existing growth.³⁹

Hardy, too, supported the proposal that provincial governments should give greater financial assistance to municipalities on the grounds that a re-distribution of present taxation revenues would be preferable to the imposition of new taxes. He pointed out that while it was natural to seek new revenue sources to meet increasing expenditures, there were only two sources from which taxes could be paid, income and accumulated wealth. Consequently, whatever taxes were levied they had to be paid from the same source.⁴⁰

VI. SUMMARY

While the real property tax is still the main source of municipal and school board revenue, its importance has declined in recent years because of its inflexibility and the rapid increase in local expenditures. At the same time, opposition to and criticism of the tax has grown, resulting in the main from inequities arising from assessment procedures and the fact that property is not necessarily a reliable measure of ability to pay taxes. On the other hand, it was pointed out that the real property tax has a number of strengths and since some of its weaknesses can be overcome, it was felt that it would continue to be a major source of local revenue. Nevertheless, in view of the estimated increases in future educational expenditures most writers indicated that additional sources of revenue would have to be found. These included a variety of local taxes and greater provincial assistance to education.

REFERENCES FOR CHAPTER VI

¹Financing Education in Canada (Ottawa: Canadian Teachers' Federation, 1967), p. 56.

²Ibid., p. 59.

³R. E. Carswell, "Municipal Finance," Canadian Tax Journal, VI:1 (1958), 49.

⁴H. Carl Goldenburg, "Municipal Finance and Taxation--Problems and Prospects," Canadian Tax Journal, IV:3 (1956), 158.

⁵Ibid.

⁶D. W. Slater, "Urban Growth and Municipal Finance," The Canadian Banker, XX (June, 1963), 13.

⁷Clarence L. Barber, "Prospective Developments in Municipal Finance," Canadian Tax Journal, IV:4 (1956), 285.

⁸Harold J. Uhlman, "The Impact of Demographic and Economic Changes in Rural Alberta on the Financing of Education," The Alberta Journal of Educational Research, VI (March, 1960), 34.

⁹Slater, op. cit., pp. 13-14.

¹⁰Goldenburg, op. cit., p. 160.

¹¹D. H. Clark, "Real Property and Personal Income Taxes--Some Comparisons," Canadian Tax Journal, VI:3 (1958), 187.

¹²Ibid.

¹³K. G. Crawford, "Some Problems of Assessment," Canadian Public Administration, VII:4 (1964), 326.

¹⁴F. H. Finnis, "Measuring the Local Tax Base," Canadian Tax Journal, XII:1 (1964), 43.

¹⁵F. H. Finnis, "Real Property--the Municipal Anchor," Canadian Tax Journal, VII:3 (1959), 232.

¹⁶Finnis, "Measuring the Local Tax Base," op. cit., p. 43.

¹⁷Finnis, "Real Property--The Municipal Anchor," op. cit., p. 232.

¹⁸Finnis, "Measuring the Local Tax Base," op. cit., p. 46.

¹⁹F. H. Finnis, "Property, Progress and Poverty--Part I," Canadian Tax Journal, VIII:3 (1960), 214.

²⁰Crawford, loc. cit. ²¹Clark, op. cit., p. 190.

²²Finnis, "Measuring the Local Tax Base," op. cit., p. 47.

²³Slater, op. cit., p. 14. ²⁴Goldenburg, op. cit., p. 161.

²⁵Finnis, "Real Property--The Municipal Anchor," op. cit., p. 229.

²⁶Slater, loc. cit. ²⁷Barber, loc. cit.

²⁸J. R. McInnes, "Municipal Revenue--Possible New or Additional Sources," Canadian Tax Journal, V:4 (1957), 299.

²⁹Finnis, "Real Property--The Municipal Anchor," op. cit., pp. 230-31.

³⁰Ibid., p. 231.

³¹Finnis, "Measuring the Local Tax Base," op. cit., p. 48.

³²Ibid.

³³Finnis, "Real Property--The Municipal Anchor," op. cit., pp. 229-30.

³⁴Ibid., p. 230.

³⁵Barber, op. cit., p. 284. ³⁶Slater, op. cit., p. 15.

³⁷Finnis, "Property, Progress and Poverty--Part I," op. cit., p. 210.

³⁸Goldenburg, op. cit., p. 162. ³⁹Ibid., p. 163.

⁴⁰Eric Hardy, "The Serious Problems of Municipal Finance," Canadian Public Administration, IV:2 (1961), 159.

CHAPTER VII

PROVINCIAL-LOCAL RELATIONSHIPS IN EDUCATION

I. INTRODUCTION

Although education in Canada is a provincial responsibility, the administration of the public schools is carried out by local school boards, which have been created by the provincial governments. Thus, responsibility for public education is shared between provincial and local governments. Certain problems have arisen from this partnership, however, since the specific responsibilities of each partner have to be defined and the costs of providing education have to be shared. Furthermore, as the cost of education has increased in recent years, these problems have become more acute, since the balance between provincial and local financial support for education has changed. Twenty-seven articles were concerned with the provincial-local partnership in education, and their contents will be described and discussed in this chapter.

II. THE PRINCIPLES UNDERLYING THE RAISING AND DISTRIBUTION OF EDUCATIONAL REVENUES

In any discussion of how educational costs and responsibilities might be shared between provincial and local governments, most writers first stated certain general principles on which they considered provincial-local relationships in education should be based.

Moffatt stated the first of these principles as follows:

. . .Local school authorities should have the primary responsibility for administering the public schools and at least some responsibility for raising the funds for the operation of schools. The principle of local responsibility for and control of public schools is deeply rooted in North America, and in English-speaking countries generally. In Canada, it forms part of the basic philosophy of both the English- and French-speaking peoples.¹

Like Moffatt, other writers also advocated that local responsibility for administration should be accompanied by local responsibility for raising some of the money required to operate the schools. Pearson, for example, argued:

To guard against extravagance, at least part of the financial responsibility must be borne locally. Certainly too much assistance from outside the school organization encourages carelessness as to cost, and results in unreasonable demands. . . .In other words, when the local taxpayer is paying more of the cost, he spends his funds much more carefully. In any case, some local financial responsibility for educational costs is essential, if local interest is to be maintained.²

In another article, Moffatt supported the argument that local districts should pay for some part of the educational services provided in their area, on the grounds that if they do not, the local school board might as well be simply a management committee speaking for the provincial government with no policy-making powers.³

While it was argued that local education authorities should be primarily responsible for providing educational facilities, it was emphasized that the provincial governments have the ultimate responsibility for the type and standard of education which is provided. Thus, the second principle was that the provincial government must ensure that every child received or had access to an education of an acceptable standard. Moffatt considered that this objective could be achieved in the following manner:

The provincial authority should determine a minimum level of education, in terms of program, services and staff, that the local authorities must provide in all parts of the province. . . . This program should ensure that all students have access to all the various levels and types of education required for preparation for living in this modern age.⁴

Lazerte stated that wide differences in educational opportunity existed in all provinces because of large variations in annual per classroom costs.⁵ Indicating that there is a close relationship between the quality of the educational program and its cost, he claimed:

No person would suggest that a child in a classroom costing \$1,020 a year is getting as good an education as that available to children in a classroom where annual operating costs are \$9,680 or even \$6,000 per year.⁶

Since it was agreed that the costs of education should be shared between the provincial and local authorities the third principle stated that these costs should be equitably apportioned between the two.

Moffatt stated this principle as follows:

The burden of providing equal educational opportunities should be distributed equitably between the provincial authority and the local units taken as a whole. This distribution should be related to the total responsibilities of the local and provincial authorities for all types of services, including education, and to the total revenue potential of the local and provincial authorities.⁷

Lazerte showed, however, that in 1951-52 the average provincial government grant met only 35 per cent of the total costs of elementary and secondary education, whereas the share borne by local taxes was 65 per cent.⁸ He concluded:

Such a distribution of costs could be justified in the remote past, when local districts were educating children for life in their home communities, and when real property holdings were a fairly accurate measure of wealth and ability to pay. Today rural-urban migration takes many rural children from their home areas to urban and industrial centres about the time they complete their schooling. Education is becoming a matter of provincial and national rather than local concern. . . . This means that provincial

rather than school district and municipal authorities should be primarily responsible for providing funds.⁹

In 1964, however, Moffatt indicated that as the cost of education continued to increase, a greater proportion of this cost was being borne by the provincial governments. He stated that provincial governments were paying more than 50 per cent of the total cost of public education and in both Prince Edward Island and Newfoundland, 75 per cent or more of the cost was met from provincial sources. Thus, he suggested that the provincial governments would need to "increase their own tax collections and look for other sources of revenue, in particular, to the Government of Canada."¹⁰ He noted, however, that the federal government had allowed the provincial governments in recent years to obtain a direct share of the income tax, and consequently argued:

The ice has been broken in a number of places, and it is not inconceivable that in the next decade the system of unconditional federal grants and federal-provincial tax adjustments will reduce substantially the glaring inequalities of educational opportunity, without interfering with the traditional constitutional 'rights' of the provinces.¹¹

Assuming that the local share of educational costs would be met from the local property tax, there was general concern that all local authorities within a province should bear the same tax burden in providing the minimum program set by the province. Lazerte indicated that as yet this was not the case in view of wide differences in ability-to-pay and stated that in a single province the tax rate in one district might be 20 or 25 times the tax rate in some other districts. Even after making allowance for different assessment procedures Lazerte claimed, "Some ratepayers must be assuming at least 10 times as much responsibility for educational costs as are ratepayers in certain other

districts."¹² To solve this problem, therefore, he strongly advocated that all property should be assessed on a provincial basis and a uniform property tax levied.¹³

Pearson also supported Lazerte's proposal:

For years, we have accepted the principle of a uniform tax rate on equalized assessment throughout the local school section or area. If we believe this to be right, is there any sound reason for not applying the same principle across a larger area, always assuming that adequate supervision of spending, especially to prevent extravagance is provided? The larger the unit of administration the smaller are the inequalities of financial resources, but even where a province has only very large units of administration, there is still need for some equalization because of the industrial, commercial, or other forms of wealth in some portions of the province.¹⁴

The final principle was concerned with the distribution of provincial revenue to local school districts to enable them to provide a minimum educational program. After stating that each district should first be required to make the same effort to support such a program on the basis of its tax-paying ability, Pearson said:

. . .The province is then responsible for providing the remainder of the funds necessary for the support of a program of education considered essential to the province as a whole. Since the real ability of the local units, in terms of equalized valuations, varies widely, the effect of this principle is that the province pays more to the relatively poorer communities than it does to the richer communities. This principle of equalization is the heart of all modern systems for the financing of education.¹⁵

Similarly, Reeves and Mowat argued that unless provincial aid took account of these differences between school districts, there were but two alternatives open to financially-weak areas: to abandon the basic program or to bear an excessive burden of property tax.¹⁶

Having agreed that provincial grants for education should be based on the needs of school districts, a number of writers discussed various methods of measuring educational need. Reeves and Mowat

discussed the following measures of need in turn--assessment, total population, number of pupils, number of teachers, and number of classrooms--and concluded, that although it had some weaknesses, "the per pupil measure is the most objective unit--it is not subject to local policy."¹⁷

Pearson, on the other hand, suggested:

. . .Need is, perhaps, best based upon the cost of a basic standard program. Such cost depends upon many factors, such as the type of building, the teacher-pupil ratio, the qualifications of teachers, the type and size of the administrative unit, and the locality in which the school is situated.¹⁸

While there was general agreement that there must be a strong element of equalization in provincial grants for education, it was recognized by some writers that it would not be desirable to pay all grants on this basis. Moffatt suggested that in order to stimulate school districts to offer more than the minimum prescribed program, the province should offer to pay a percentage of certain costs made in excess of that program.¹⁹ Reeves and Mowat stated that the same objective could be achieved by making flat grants to school districts irrespective of their tax-paying abilities in addition to the equalization grants.²⁰

III. THE FOUNDATION PROGRAM OF SCHOOL FINANCE

After their discussion of the main principles underlying provincial-local relationships in education a number of writers stated that the system of educational finance which best embodied these principles was the foundation program. In a brief to the provincial government in 1957, the Manitoba Teachers' Society defined the latter in

following way:

A foundation programme is a plan which seeks to define a standard programme of education for a province in both educational and financial terms, a programme available to every child in the province. It is based on a province-district partnership and is supported jointly by provincial and local funds. Such a plan almost always involves equalization aid, but equalization aid does not in itself constitute a foundation programme plan.²¹

The Society regarded another fundamental feature of a foundation program to be the right of school authorities to levy taxes in excess of those required to meet the local contribution toward the foundation program. It was argued that:

Allowance is needed so that the local program can be adjusted to the needs of the community in supplementing the foundation program or adding to it. Latitude is also necessary to foster local control and initiative.²²

Moffatt, too, claimed that a foundation program which is based on the principles stated earlier, "is the best overall solution for the financing of public schools."²³ He outlined the details of its operation as follows:

- (1) The provincial authority establishes a level of services which all the local authorities are required to offer and translates this level of services into a schedule of costs.
- (2) The local authorities are then required to make a uniform rate of contribution on their local tax sources--which is almost universally the general property tax.
- (3) The province pays, in the form of an equalization grant, the difference between the defined cost of the Foundation Program and the amount obtained from the uniform local contribution.²⁴

On the other hand, Moffatt warned that a number of difficult problems had to be solved before such a plan could be implemented. These included defining the ability-to-pay of local units, defining the services to be offered under the foundation program, and distributing the costs of operating the program between the province and the

local school districts.²⁵

Furthermore, in another article, Moffatt indicated that most foundation programs had two basic weaknesses. First, in terms of both services and costs, they tended to fall behind the needs of the school system. Second, even if the program were enlarged and the cost units increased from time to time, true equality of educational opportunity would quickly disappear because of the provision of extra services.²⁶

IV. THE NEED FOR LOCAL CONTROL IN EDUCATION

While supporting the need for greater provincial assistance to education, the importance of local control over school expenditures was emphasized. Reeves and Mowat, for example, stated:

If local government is to have a realistic part to play, then central government should, insofar as possible, leave details of expenditures to local authorities. Adequate central control of details may be accomplished through curriculum, teacher certification, inspection and other similar functions of the province.²⁷

Moffatt was also concerned that larger provincial grants might result in greater provincial control of education. He expressed this concern as follows:

As more and more of the funds to support education come from provincial revenues or from provincially-controlled taxation, and as the financing of education becomes merged with the general financing of municipal government, there is a strong possibility that school boards may have their powers severely limited. . . .²⁸

Moffatt inquired, therefore:

. . . Can complete equalization of opportunities and tax load be achieved with anything less than complete provincial control? If a high degree of local control and responsibility is considered to be essential, is there some plan that will enable local authorities to exercise this responsibility and still provide for substantial equalization of opportunity and relative equality of sacrifice?²⁹

He argued that of all the plans of educational finance, the Equalizing Variable Grant Plan came closest to achieving this ideal.³⁰

To ensure some measure of local control, Stewart maintained that grants from one government to another should be unconditional and paid into general revenue. He argued:

. . . Specific grants which require revenue to be expended for particular purposes interfere with the essential functions of government. . . . If any junior government receives more of its revenue by conditional grants from a senior government, there is no real government left to it.³¹

Reeves and Mowat, on the other hand, insisted that unless grants to education were specific, education would lose its identity.³²

Toombs maintained, however, that provincial financial assistance to education could be reconciled with local administrative responsibility and that the maxim, "He who pays the piper calls the tune," did not necessarily hold in the context of provincial-local responsibilities for education.³³

V. SUMMARY

In this chapter, the principles underlying provincial-local relationships in the administration and financing of education were discussed. It was maintained that the system of financing education which best took account of these principles was the foundation program concept. In view of the possibility of greater provincial control accompanying greater provincial financial support for education, however, the importance of maintaining a considerable degree of local control in education was emphasized.

REFERENCES FOR CHAPTER VII

¹H. P. Moffatt, "Some Principles of Educational Finance," Canadian Education, XI (1956).

²G. A. Pearson, "The School Inspector and School Finance," Canadian Education, X (1956), 63-64.

³H. P. Moffatt, "Financing Education," The Argus, XXI (April, 1962), 168.

⁴Ibid.

⁵M. E. Lazerte, "The Cost of Education," The A.T.A. Magazine, XXXVI (November, 1955), 13.

⁶Ibid.

⁷H. P. Moffatt, "Some Principles on Educational Finance--A New Look," Canadian Education and Research Digest, IV (September, 1964), 195.

⁸M. E. Lazerte, "How Can School Costs be More Fairly Distributed?" The Alberta School Trustee, XXVI (May, 1956), 19.

⁹Ibid.

¹⁰Moffatt, "Some Principles on Educational Finance--A new Look," op. cit., p. 204.

¹¹Ibid. ¹²Lazerte, "The Cost of Education," op. cit., p. 15.

¹³Ibid. ¹⁴Pearson, op. cit., p. 64.

¹⁵Moffatt, "Some Principles of Educational Finance," op. cit., pp. 19-20.

¹⁶A. W. Reeves and G. L. Mowat, "The Critical Issue in Financing Education," The Alberta School Trustee, XXVIII (January, 1958), 17-18.

¹⁷A. W. Reeves and G. L. Mowat, "How Shall the Money be Distributed?" The Alberta School Trustee, XXVIII (March, 1958), 9-11.

¹⁸Pearson, op. cit., pp. 64-65.

¹⁹Moffatt, "Some Principles of Educational Finance," op. cit., p. 25.

²⁰Reeves and Mowat, "The Critical Issue in Financing Education," op. cit., p. 18.

²¹"The Foundation Programme Concept," The Manitoba Teacher, XXXVI (November-December, 1957), 13.

²²Ibid., p. 14.

²³Moffatt, "Some Principles on Educational Finance--A New Look," op. cit., p. 198.

²⁴Ibid., p. 199. ²⁵Ibid., pp. 199-207.

²⁶Moffatt, "Financing Education," op. cit., p. 168.

²⁷Reeves and Mowat, "The Critical Issue in Financing Education," op. cit., p. 19.

²⁸Moffatt, "Some Principles on Educational Finance--A New Look," op. cit., p. 205.

²⁹Ibid., p. 206. ³⁰Ibid.

³¹Andrew Stewart, "Financing Education: An Economist's View, With Some Personal Bias," Canadian Education, IX (1955), 83.

³²Reeves and Mowat, loc. cit.

³³M. P. Toombs, "Provincial Aid and Local Responsibility in Education," Canadian Education, IX (1955), 17-18.

CHAPTER VIII

SUMMARY AND DISCUSSION

I. INTRODUCTION

In this study, each issue of eighteen periodicals, published in Canada during the period January 1st, 1955 to December 31st, 1964, was examined in an attempt to identify the main problems and issues in educational finance during the period. One hundred seventy articles were selected from these periodicals for closer examination and one hundred seventeen of these articles were finally used in the study. A careful reading of these articles revealed that writers in Canadian periodicals regarded the following as the main issues and problems in educational finance during the period 1955 to 1965:

- (1) The present and future cost of education.
- (2) Education as an investment.
- (3) Federal aid to education.
- (4) The inadequacy of the real property tax as a source of educational revenue.
- (5) Provincial-local relationships in education.

The views and opinions of writers on these five issues were described in detail in Chapters III to VII. The purpose of this final chapter is to summarize and discuss these views and opinions and wherever possible to draw implications for the present method of financing education in Canada.

Although five major issues in educational finance were identified,

there is inevitably a very close relationship between them. For example, any discussion of the need for more resources in education leads logically to some discussion of how these additional resources might be obtained and finally to how they might be best distributed. Thus the issues identified in this study were each related to one or more of the following areas of concern:

How much money is needed for education and why?

How should this money be raised?

How should this money be allocated?

The five main issues will be discussed, therefore, in relation to these questions.

II. HOW MUCH MONEY IS NEEDED FOR EDUCATION AND WHY?

All writers agreed that present educational expenditures were not extravagant and some suggested that they were inadequate. Furthermore, it was argued that the cost of education would continue to rise for the following reasons:

- (1) The rapid increase in the number of students attending school resulting from a rise in the birth-rate, immigration, and the tendency for students to remain longer in school.
- (2) Improvements in the over-all quality of education.
- (3) Urbanization.
- (4) Inflation.
- (5) Developments in vocational training and higher education.
- (6) The recognition of the relationship between investment in education and economic growth.

- (7) The need to eliminate educational inequalities among the Canadian provinces.

Although many writers put forward reasons why educational costs would rise, only a few of them attempted to estimate future expenditures on education.

After indicating that the cost of education would increase in future for a number of reasons, most writers seemed to assume that all the additional revenue required would be forthcoming, if only taxpayer resistance could be overcome. For example, the role of the educator in trying to change the public's attitude toward education was seen as an important way of achieving this.

Unfortunately, there appeared to be little appreciation of the economic concept of scarcity with the realization that education is but one of the services in competition for the country's resources. If education is to obtain a greater share of these resources, educators must convince the taxpayer not merely that education is a good thing, but that the marginal returns to society from expenditures on education exceed those from other services.

While there was constant reference to the need to allocate more resources to education, it is significant that only two writers, Brown¹ and Smith,² urged that more effective use should be made of the resources which were already available. It would seem that attempts to win greater public support for education might be more successful in the general public could be convinced that existing resources were being used in an optimal manner.

In the discussion of the economic returns to education it was

evident that generally writers placed more emphasis on the returns to society as a whole than to the benefits derived by individuals. In view of the strong positive relationship between levels of personal income and educational expenditures it is suggested that greater emphasis on the private returns from education might well have more favourable influence on educational outlays. Stewart's statement supports this argument:

. . .I believe that greater support would be forthcoming for education if more emphasis were placed upon individual gains, both direct, in increased personal satisfaction, and indirect, through increased productivity.³

Finally, if educators are to secure sufficient money for education, they must know how much they need. Although only a few writers attempted to estimate the future costs of education, their estimates proved to be somewhat inaccurate. Ayers, for example, in 1959 estimated that expenditures on public elementary and secondary education would reach \$1,750.0 million in 1965.⁴ In 1965, however, total expenditure on these types of education was an estimated \$2,316.0 million.⁵ While the problems of determining future expenditures should not be underestimated, nevertheless it is important that better procedures should be developed, for the accurate forecasting of future needs and expenditures is an integral part of educational planning.

III. HOW SHOULD THIS MONEY BE RAISED?

There was general agreement that to pay for increased educational costs more money would have to be obtained from the traditional sources of revenue. Since this would be difficult to achieve in some cases, and because of the very size of the projected increases in expenditure,

however, possible new revenue sources were also suggested. Thus, it was indicated that additional revenue might be obtained from the following sources:

- (1) Increased provincial aid.
- (2) Increased federal aid, not only for vocational training and higher education, but also for elementary and secondary education.
- (3) Improvements to the real property tax, which would make it more equitable as well as more productive.
- (4) Additional sources of revenue, for example, local sales taxes, an amusement tax, user charges, and a capital gains tax on the sale or transfer of real property.

It is interesting to note that in the discussion about sources of educational revenues, it was suggested that more and more of the cost of education should be met from revenue from provincial and federal sources. Although a number of possible local revenue sources were proposed, it was pointed out that the yield from these would not be very substantial.

While it may be argued that the federal and provincial governments should bear the greater share of the cost of education because they possess larger, and more broadly-based sources of taxation, at the same time it is tempting to believe that thereby the taxpayer will be relieved of much of his burden. It is significant, therefore, that Robertson pointed out that whichever level of government paid for education, there was only one taxpayer and it was absurd to think of three separate taxpayers.⁶ Similarly Hardy stressed that while it was natural to propose new sources of revenue to meet the increasing costs of education, all taxes were paid from only two sources, income and

accumulated wealth.⁷

In view of the need to obtain additional sources of revenue, it is surprising that only one writer, Stewart, suggested that education might be regarded more as a private rather than as a public good, that is, charges should be made to individuals for services provided.⁸ Furthermore, it is even more surprising that this possible source of additional revenue was ignored by those writers who emphasized the economic benefits accruing to individuals from education.

Although it was argued that the federal government should contribute a far larger share of its resources to education, few specific proposals were made how this might be done. Lazerte, however, did suggest that federal aid could be given through the establishment of a federal foundation program of education.⁹ While he stated that this would involve the more prosperous provinces giving assistance to those unable to pay the full costs of a minimum standard of education,¹⁰ neither he nor other writers discussed other problems which might arise from increased federal assistance. For example, since an increase in federal aid to education would inevitably mean higher income taxes, the possible disincentive effects of high income-tax rates would have to be considered. Furthermore, some problems in establishing a foundation level of education, which would be acceptable to all provinces, can be envisaged.

It should be noted that despite popular criticism, the real property tax was considered to be potentially the best source of local tax revenue. Consequently, some of the ways of making it more equitable and progressive, which were suggested, might well be implemented. Since

most of the inequity appeared to arise from variations in assessment procedures, the suggestion by Finnis that property assessments might be based on size, rather than on value, is particularly worth further consideration. Furthermore, while the real property tax would appear to be regressive in nature, this is not particularly serious, since the tax structure, as a whole, is progressive. Thus the argument against the real property tax, on the grounds that it does not conform with the principle of ability-to-pay, is weakened.

IV. HOW SHOULD THIS MONEY BE DISTRIBUTED?

The discussion concerning the distribution of educational revenues centred around the desirability of equalizing both educational opportunities and the financial burden of providing such opportunities. Thus, the foundation program of school finance was regarded as the best method of achieving these ends, as well as being a basis for sharing the costs of education between provincial governments and local school districts. Similarly, the establishment of a national foundation program was proposed as a means of obtaining more federal aid for education and of removing many of the educational inequalities which existed throughout the country.

It is significant that following much discussion in the 1950's, foundation programs of school finance have been introduced in the majority of Canadian provinces in recent years. Although their introduction has led to the removal of many of the glaring inequalities in educational opportunities and burdens which existed previously, the latter have not been eliminated entirely. As Moffatt pointed out, since

most foundation programs are based on some form of unit cost, eventually they tend to fall behind the needs of the schools in terms of services and cost.¹¹ Hence, the two principles which the foundation program seeks to ensure, are seriously undermined. Furthermore, the use of the unit-cost concept to determine the size of provincial grants assumes that a dollar has the same purchasing-power throughout a province. In view of these weaknesses in the classical type of foundation program, certain modifications have been made to the plans in use in some provinces. These include the use of Variable Percentage Grants in Ontario and Budget-Balancing Grants in Quebec. Other provinces might well seek ways of ensuring that their foundation programs achieve their desired objectives.

One important issue in the discussion of the distribution of educational revenues was concerned with the method of distribution. Although it was urged that both the federal and provincial governments should pay a greater share of the costs of education, many writers feared that this might result in these authorities obtaining greater control of education. Thus there was some discussion of how local control might be reconciled with increased federal and provincial aid. Some writers such as Stewart argued that this could be achieved through the payment of general rather than specific grants.¹² On the other hand, Reeves and Mowat claimed that unless specific grants were paid, education would lose its identity.¹³ Toombs, however, saw no difficulty in reconciling provincial aid with local responsibility in education.¹⁴ These differences in opinion indicate that this is an important issue, for which there is no simple solution.

Finally, while there was much discussion about methods of

distributing general educational revenues from one level of government to another, very little reference was made to the ways in which this revenue could be best distributed among the various types of education. In view of the limited supply of resources available for education, every effort must be made to ensure that these resources are used both efficiently and effectively. Further, the studies into the relationship between education and economic growth indicate that it may be more profitable to invest resources in one type of education than in another. It is essential, therefore, that educators employ some of the economist's tools to assist in the optimum distribution of resources both between and within the different types of education.

V. SUGGESTIONS FOR FURTHER STUDY

During the course of this study a number of differences of opinion were noted about matters which have an important effect on the way in which education is financed. Research into the following areas, therefore, would be useful in assisting to clarify these basic issues:

- (1) The relationship between the extent and nature of (a) provincial aid for education and the amount of provincial control over education, and (b) federal aid for education and the amount of federal control over education.
- (2) The relative attitude of the public towards higher real property tax rates and higher real property tax assessments.
- (3) In addition, studies should be carried out to determine the degree to which property tax is regressive.

Finally, it is recommended that further research be carried out

into procedures for forecasting future needs and expenditures in education and into methods of securing the optimal distribution of educational resources.

REFERENCES FOR CHAPTER VIII

¹Jack Brown, "Where Does the Education Dollar Go?" Canadian School Journal, XLII (November, 1964), 14.

²Reginald H. Smith, "A Forecast--1969," Canadian School Journal, XLII (April, 1964), 15.

³Andrew Stewart, "Financing Education: An Economist's View With Some Personal Bias," Canadian Education, IX (1955), 81.

⁴J. D. Ayers, "Present Education Expenditures," The A.T.A. Magazine, XXXVIII (May, 1958), 21.

⁵Dominion Bureau of Statistics, Preliminary Statistics of Education, 1964-65 (Ottawa: Queen's Printer, 1965), p. 45.

⁶Ronald Robertson, "Financing Education," Canadian Tax Journal, XL:6 (1963), 487-88.

⁷Eric Hardy, "The Serious Problems of Municipal Finance," Canadian Public Administration, IV:2 (1961), 159.

⁸Stewart, loc. cit.

⁹M. E. Lazerte, "Do We Need Federal Aid for Education?" The Alberta School Trustee, XXVI (June, 1956), 14.

¹⁰"Future Financing of Education," The Alberta School Trustee, XXXII (December, 1962), 8.

¹¹H. P. Moffatt, "Financing Education," The Argus, XXI (April, 1964), 168.

¹²Stewart, op. cit., p. 83.

¹³A. W. Reeves and G. L. Mowat, "The Critical Issue in Financing Education," The Alberta School Trustee, XXVIII (January, 1958), 19.

¹⁴M. P. Toombs, "Provincial Aid and Local Responsibility in Education," Canadian Education, IX (1955), 17-18.

BIBLIOGRAPHY

A. BOOKS

Collins, C. P. Provincial School Grants 1941 to 1961. Toronto: Canadian Tax Foundation, 1962.

Dominion Bureau of Statistics. Preliminary Statistics of Education 1964-65. Ottawa: Queen's Printer, 1965.

_____. Survey of Education Finance 1963. Ottawa: Queen's Printer, 1967.

_____. The Organization and Administration of Public Schools in Canada. Ottawa: Queen's Printer, 1966.

Financing Education in Canada. Ottawa: The Canadian Teachers' Federation, 1967.

Good, Carter V. (ed.). Dictionary of Education. New York: McGraw-Hill Book Company, Inc., 1959.

Moffatt, H. P. Educational Finance in Canada. Toronto: W. J. Gage Limited, 1957.

Vaizey, J. The Economics of Education. London: Faber and Faber, 1962.

B. PERIODICALS

Andrews, H. M. "The Financing of Education," The Alberta School Trustee, XXXII (November, 1962), 24.

Ayers, Douglas J. "Present Education Expenditures," The A.T.A. Magazine, XXXVIII (May, 1958), 17-22.

_____, and Geraldine Channon, "We Spend So Much and Yet So Little on Education," The Manitoba Teacher, XXXVII (May-June, 1958), 11-12.

Barber, Clarence L. "Prospective Developments in Municipal Finance," Canadian Tax Journal, IV:4 (1956), 284-89.

Bascom St. John, J. "The Canadian Conference on Education," The Arous, XXI (September, 1962), 340, 342, 354-55.

Brown, Jack. "Where Does the Education Dollar Go?" Canadian School Journal, XLII (November, 1964), 13-14.

- "Canadian Conference on Education," The Educational Review, LXXVI (May, 1962), 49-61.
- Carswell, R. E. "Municipal Finance," Canadian Tax Journal, VIII:1 (1958), 49-51.
- Chase, Frances S. "Changes Ahead for Our Schools," The Nova Scotia Teachers' Bulletin, XXXIV (April, 1957), 10-13.
- Cheal, J. E. "Education: Investment in Youth," The Argus, XXII (November-December, 1963), 401-405.
- Clark, D. H. "Real Property and Personal Income Taxes--Some Comparisons," Canadian Tax Journal, VI:3 (1958), 186-95.
- Crawford, K. G. "Some Problems of Assessment," Canadian Public Administration, VII:4 (1964), 324-32.
- Dean, Basil. "Public Education--Current Problems," The Alberta School Trustee, XXXVI (December, 1963), 17-20.
- "Education and Economy," The Manitoba Teacher, XLIII (November-December, 1964), 23.
- "Education as an Investment," The Teachers' Magazine, XLIII (May, 1963), 6-7.
- "Education is a Federal Concern," The Manitoba Teacher, XLIII (November-December, 1963), 61-62.
- Enns, F., and H. T. Sparby. "Provincial Responsibility for Education," The Alberta School Trustee, XXXI (June, 1961), 12-13.
- Fergusson, Norman. "Educational Investment Necessary," The Nova Scotia Teacher, XXXIX (October, 1962), 8-12.
- "Financing Public School Education," The Manitoba Teacher, XXXV (May-June, 1956), 68-69.
- Finnis, F. H. "Measuring the Local Tax Base," Canadian Tax Journal, XII:1 (1964), 43-49.
- _____. "Property, Progress and Poverty--Part 1," Canadian Tax Journal, VIII:3 (1960), 210-16.
- _____. "Real Property--The Municipal Anchor," Canadian Tax Journal, VII:3 (1959), 225-33.
- Flower, G. E. "School Administration Has Come of Age," School Progress, XXVII (April-May, 1958), 32-33, 47.

"Future Financing of Education," The Alberta School Trustee, XXXII (December, 1962), 8, 13.

Goard, Dean H. "The Effect of Federal Aid to Technical and Vocational Education on the Total Educational Services," Journal of Education, U.B.C., X (April, 1964), 84-97.

Goldenburg, H. Carl. "Municipal Finance and Taxation--Problems and Prospects," Canadian Tax Journal, IV:3 (1956), 158-65.

Goldring, C. C. "What Happens to Education," The Argus, XVII (June, 1958), 179-80, 190-91, 200.

Hanson, E. J. "Financing Education," The Alberta School Trustee, XXXV (October, 1965), 4-5, 20-21.

Hardy, Eric. "The Serious Problems of Municipal Finance," Canadian Public Administration, IV:2 (1961), 154-63.

Jackson, R. W. B. "Critical Problems in Education in Ontario," The Argus, XVIII (June, 1959), 217-25.

Katz, Joseph. "More Federal Aid to Education," The Alberta School Trustee, XXXII (April, 1962), 23-24.

Lazerte, M. E. "Do We Need Federal Aid for Education?" The Alberta School Trustee, XXVI (June, 1956), 13-14.

_____. "How Can School Costs be More Fairly Distributed?" The Alberta School Trustee, XXVI (May, 1956), 19.

_____. "The Cost of Education," The A.T.A. Magazine, XXXVI (November, 1955), 12-19, 39.

Long, Marcus. "The Crisis in Education," The Manitoba Teacher, XXXV (May-June, 1956), 14-17, 56-60.

McInnes, J. R. "Municipal Revenue--Possible New or Additional Sources," Canadian Tax Journal, V:4 (1957), 299-303.

Moffatt, H. P. "Financing Education," The Argus, XXI (April, 1962), 167-68, 192.

_____. "Some Principles of Educational Finance," Canadian Education, IX (1955), 18-26.

_____. "Some Principles on Educational Finance--A New Look," Canadian Education and Research Digest, IV (September, 1964), 193-207.

Pearson, G. A. "The School Inspector and School Finance," Canadian Education, X:4 (1956), 63-67.

- Phimister, Z. S. "Education and Changing Demands in Employment," The Argus, XX (October, 1961), 367-71.
- _____. "Public Education. A Key to National Greatness," The Argus, XIX (November-December, 1960), 439-40, 451-52.
- Reeves, A. W. and G. L. Mowat. "The Critical Issue in Financing Education," The Alberta School Trustee, XXVIII (January, 1958), 17, 19.
- _____. "How Shall the Money be Distributed?" The Alberta School Trustee, XXVIII (March, 1958), 8-11.
- Robertson, Ronald. "Financing Education," Canadian Tax Journal, XL:6 (1963), 486-91.
- Slater, D. W. "Urban Growth and Municipal Finance," The Canadian Banker (June, 1953), 5-17.
- Smith, Reginald H. "A Forecast--1969," Canadian School Journal, XLII (April, 1964), 14-15, 32, 35.
- _____. "A Proposal for Aid to Provincial Education," The Argus, XVIII (April, 1959), 129-30, 162.
- Stewart, Andrew. "Financing Education: An Economist's View with Some Personal Bias," Canadian Education, IX (1955), 76-85.
- "The Foundation Programme Concept," The Manitoba Teacher, XXXVI (November-December, 1957), 13-14.
- Thomas, J. Allen. "Some Factors Related to Future Educational Costs in Canada," Canadian Education and Research Digest, II (March, 1962), 66-71.
- Toombs, M. P. "Provincial Aid and Local Responsibility in Education," Canadian Education, IX (1955), 17-32.
- Young, L. G. "School Grants--Their Purpose and Application," School Trustee, XIX (December, 1966), 26-28.
- Uhlman, Harold J. "The Impact of Demographic and Economic Changes in Rural Alberta on the Financing of Education," The Alberta Journal of Educational Research, VI (March, 1960), 29-37.

APPENDIX

SECONDARY REFERENCES

- Alford, Albert L. Nonproperty Taxation for Schools. Washington: U.S. Government Printing Office, 1963.
- Benson, Charles, S. (ed.). Perspectives on the Economics of Education.
_____. The Economics of Public Education. Boston: Houghton Mifflin Company, 1961.
- Burkhead, Jesse. Public School Finance. Syracuse, N.Y.: Syracuse University Press, 1964.
- Corbally, John E. School Finance. Boston: Allyn and Bacon, Inc., 1962.
- Economic Council of Canada. Towards Sustained and Balanced Economic Growth. Ottawa: Queen's Printer, 1965.
- Financing Education. The Record of the 1965 C.T.F. Conference on Education Finance. Ottawa: Canadian Teachers' Federation, 1965.
- Harris, Seymour E. How Shall We Pay for Education? New York: Harper and Brothers, 1948.
- Innes, Jon T., Paul B. Jacobson, and Roland J. Pellegrin. The Economic Returns to Education. Eugene, Oregon: The Center for the Advanced Study of Educational Administration, University of Oregon, 1965.
- Johns, Roe L., and Edgar L. Morphet. Financing the Public Schools. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1960.
- _____. (eds.). Problems and Issues in Public School Finance. New York: Committee of the National Conference of Professors of Educational Administration, 1952.
- Jones, Howard R. Financing Public Elementary and Secondary Education. New York: The Center for Applied Research in Education, Inc., 1966.
- Miner, Jerry. Social and Economic Factors in Spending for Public Education. Syracuse, N.Y.: Syracuse University Press, 1963.
- Tiedt, Sidney W. The Role of the Federal Government in Education. New York: Oxford University Press, 1966.
- Vaizey, John. The Economics of Education. London: Faber and Faber, 1962.
- Wilkinson, Bruce W. Studies in the Economics of Education. Occasional Paper, No. 4, Economic and Research Branch, Department of Labour, Canada. Ottawa: Queen's Printer, 1966.

B29894